

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
FINANCIAL ASSETS		
Unrestricted		
Cash	\$ 244,736	\$ 347,384
Taxes receivable	193,386	115,591
Accounts receivable	<u>241,465</u>	<u>93,791</u>
	<u>679,587</u>	<u>556,766</u>
Restricted (Note 6)		
Cash	<u>802,055</u>	<u>771,134</u>
	<u>1,481,642</u>	<u>1,327,900</u>
 LIABILITIES		
Accounts payable and accrued liabilities	141,269	192,473
Deferred revenue - obligatory (Note 4)	71,073	66,184
Due to school boards (Note 6)	802,055	771,134
Solid waste landfill closure and post closure liabilities (Note 7)	24,481	55,506
Net long-term liabilities (Note 8)	<u>46,694</u>	<u>85,093</u>
	<u>1,085,572</u>	<u>1,170,390</u>
 NET ASSETS	 <u>\$ 396,070</u>	 <u>\$ 157,510</u>
 MUNICIPAL POSITION		
Amounts to be recovered		
From future revenues	\$ (71,175)	\$ (140,599)
Fund balances (Note 9)		
Current fund	39,480	83,146
Capital fund	133,500	-
Reserves and reserve funds	<u>294,265</u>	<u>214,963</u>
	<u>\$ 396,070</u>	<u>\$ 157,510</u>

(See accompanying notes and schedules)

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
REVENUES			
Taxation and user charges			
Property taxation	\$ 1,247,356	\$ 1,244,417	\$ 1,157,188
Payment in lieu of taxes	24,000	25,329	20,299
Grants			
Province of Ontario	1,018,790	989,720	1,146,840
Government of Canada and other	34,401	1,178	58,662
Other			
License and permits	15,276	13,603	12,662
Penalties and interest	15,000	22,614	21,665
Rent	9,300	20,776	24,718
Fees, service charges and donations	47,967	45,567	90,593
Investment income	7,000	13,760	13,103
Insurance proceeds	-	133,500	-
Sale of land	5,550	7,169	14,507
Recoveries from unconsolidated local boards	<u>2,689</u>	<u>-</u>	<u>26,245</u>
Total Revenue	<u>2,427,329</u>	<u>2,517,633</u>	<u>2,586,482</u>
EXPENDITURES			
Current operations			
General government	289,506	306,995	236,803
Protection to persons and property	281,689	283,368	279,395
Transportation services	479,763	428,016	381,508
Environmental services	158,598	105,458	170,199
Health services	103,089	100,316	109,053
Social and family services	808,052	808,052	802,296
Recreation and cultural services	99,952	96,163	98,996
Planning and development	<u>36,077</u>	<u>37,506</u>	<u>34,779</u>
	<u>2,256,726</u>	<u>2,165,874</u>	<u>2,113,029</u>
Capital operations			
General government	12,125	2,175	4,337
Protection to persons and property	17,145	16,455	14,513
Transportation services	15,000	34,464	65,540
Environmental services	20,325	16,086	17,901
Health services	15,558	7,370	31,751
Recreation and cultural services	<u>49,622</u>	<u>36,649</u>	<u>59,976</u>
	<u>129,775</u>	<u>113,199</u>	<u>194,018</u>
Total Expenditures	<u>2,386,501</u>	<u>2,279,073</u>	<u>2,307,047</u>
NET REVENUES	40,828	238,560	279,435
MUNICIPAL POSITION AT BEGINNING OF YEAR	<u>157,510</u>	<u>157,510</u>	<u>(121,925)</u>
MUNICIPAL POSITION AT END OF YEAR	<u>\$ 198,338</u>	<u>\$ 396,070</u>	<u>\$ 157,510</u>

(See accompanying notes and schedules)

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF UNRESTRICTED CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM (USED IN) OPERATIONS		
Net revenues (expenditures)	\$ 238,560	\$ 279,435
Sources (uses):		
Taxes receivable	(77,795)	17,174
Accounts receivable	(147,674)	28,726
Bank indebtedness	-	(15,241)
Accounts payable and accrued liabilities	(51,202)	41,867
Deferred revenue - general	(20,033)	22,805
Deferred revenue - obligatory	24,921	-
Solid waste landfill closure and post closure liability	<u>(31,024)</u>	<u>8,183</u>
	<u>(64,247)</u>	<u>382,949</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds of long-term liabilities	52,242	32,710
Long-term liabilities repaid	<u>(90,643)</u>	<u>(91,372)</u>
	<u>(38,401)</u>	<u>(58,662)</u>
NET (DECREASE) INCREASE IN UNRESTRICTED CASH	(102,648)	324,287
UNRESTRICTED CASH AT BEGINNING OF YEAR	<u>347,384</u>	<u>23,097</u>
UNRESTRICTED CASH AT END OF YEAR	<u>\$ 244,736</u>	<u>\$ 347,384</u>

(See accompanying notes and schedules)

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

The Township of South Algonquin is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund and reserves and reserve funds and include the activities of all committees of Council and the following boards which are under the control of Council:

South Algonquin Recreation Board
South Algonquin Public Library Board
South Algonquin Medical Centre Board

Inter-organizational transactions and balances have been eliminated in the preparation of these financial statements.

Fund accounting

The financial statements consist of current, capital and reserves and reserve funds. Interfund transfers are reflected in the appropriate municipal fund balance.

The schedule of current fund operations reflects the Council's program delivery and administrative activities and interfund transfers. The current fund is to be used to offset taxation or user charges in 2007.

The schedule of capital fund operations reflects the current year's capital expenditures, related revenues and interfund transfers.

Certain amounts as approved by council are set aside in reserves and reserve funds for future operating and capital purposes. The schedule of reserves and reserve fund reflects transactions of the reserve fund.

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet."

Capital assets

Capital assets are recorded as an expenditure in the year of acquisition on the statement of financial activities.

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred revenue - general

Deferred revenue consists of amounts received in advance of related expenditure. Deferred revenue will be recognized as income in the period the related expenditures are made.

Deferred revenue - obligatory

Deferred revenue - obligatory consists of amounts collected with respect to services which have yet to be provided and set aside under statute. Deferred revenue - obligatory will be recognized as income in the year the related services are provided.

Revenue recognition

Revenues from property taxation, taxation from other governments and penalties and interest are recognized in the period in which they are levied. Grant revenue is recognized when the related expenditure is incurred. Investment income is recognized as it is earned. Fees, service charges, donations, and miscellaneous are recognized when services are rendered.

All revenue is recognized only when collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 NEW ACCOUNTING STANDARDS

The Township owns various tangible capital assets. Effective January 1, 2009, the Township will be required to record tangible capital assets in accordance with Section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Accounting Guideline 7 of the Handbook provides transitional guidance on presenting information related to tangible capital assets until Section 3150 comes into effect. With regards to this guideline, the Township has begun compiling a listing of all tangible capital assets.

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 3 OPERATIONS OF SCHOOL BOARDS

During the year, requisitions were made by School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>2007</u>	<u>2006</u>
Property taxes	\$ 423,350	\$ 418,920
Taxation from other governments	<u>3,789</u>	<u>2,693</u>
Amount requisitioned	<u>\$ 427,139</u>	<u>\$ 421,613</u>

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

NOTE 4 DEFERRED REVENUE - OBLIGATORY

Deferred revenue at the end of the year consists of the following amounts for which funding has been received but the service has not yet been provided:

	<u>2007</u>	<u>2006</u>
Ministry of Health and Long-Term Care grants:		
Infrastructure and overhead program for Northern Physicians	\$ 31,007	\$ 26,350
Family Health Team Development	6,445	13,815
Gas tax rebate	33,621	-
Trillium grant	-	24,841
True sport grant	<u>-</u>	<u>1,178</u>
	<u>\$ 71,073</u>	<u>\$ 66,184</u>

NOTE 5 CONTRIBUTIONS TO UNCONSOLIDATED ENTITIES

Contributions were made to these entities as follows:

	<u>2007</u>	<u>2006</u>
Renfrew County and District Health Unit	\$ 8,529	\$ 25,175
District of Nipissing Social Services Board	735,556	732,634
East Nipissing Home for the Aged	<u>72,496</u>	<u>69,662</u>
	<u>\$ 816,581</u>	<u>\$ 827,471</u>

NOTE 6 RESTRICTED ASSETS - DUE TO SCHOOL BOARDS

Due to school boards consists of school rates levied in an area where there were previously no school boards. Under Section 240 of the Education Act these amounts were to be deposited together with the interest thereon in a designated account.

These funds are not available to the municipality for its own use.

The Ministry of Education has determined to which school boards these funds are to be disbursed, and funds were distributed after the year end.

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 7 SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Township operates two landfill sites and as a result is liable for the closure and post closure costs associated with each site. These financial statements recognize a liability for closure and post closure care to the extent that the solid waste landfill sites have been used to date. Specifically, usage is measured as cumulative capacity used versus total estimated capacity available. Furthermore, as costs are expected to be incurred in the future, expected closure and post closure costs have been discounted at 6% which is the Township's estimated long term borrowing rate. The following summarizes the Township's estimated closure and post closure costs and remaining capacity of the landfill sites at December 31, 2007:

	<u>Airy Site</u>	<u>Madawaska Site</u>	<u>Total 2007</u>	<u>Total 2006</u>
Expected total expenditures	\$ 180,900	\$ 95,198	\$ 276,098	\$ 276,098
Amount remaining to be recognized	<u>175,438</u>	<u>76,179</u>	<u>251,617</u>	<u>220,592</u>
Liability recognized to date	<u>\$ 5,462</u>	<u>\$ 19,019</u>	<u>\$ 24,481</u>	<u>\$ 55,506</u>
Landfill site's estimated remaining capacity in cubic metres	<u>51,515</u>	<u>18,130</u>	<u>69,645</u>	
Remaining useful life of sites (years)	<u>51</u>	<u>20</u>		
Years needed for post closure care	<u>10</u>	<u>10</u>		

The Township has set aside a reserve of \$43,000 to finance the expected closure and post closure care liabilities.

NOTE 8 LONG-TERM DEBT

(a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	<u>2007</u>	<u>2006</u>
Bank loan payable in monthly instalments of \$2,811 plus interest at 6.182% per annum. The loan matures March 2008	\$ 7,042	\$ 40,782
Loan payable in monthly instalments of \$805 including interest at 5.89% per annum. The loan matures August 2008	5,927	14,426
Loan payable in monthly instalments of \$770 without interest. The loan matures September 2009	16,191	25,442
Loan payable in monthly instalments of \$922 including interest at 10.9% per annum. The loan matures September 2009	17,534	-
Loan payable repaid in year	<u>-</u>	<u>4,443</u>
	<u>\$ 46,694</u>	<u>\$ 85,093</u>

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 8 LONG-TERM DEBT (cont'd)

(b) Of the net long-term liabilities reported in (a) of this note all are payable from 2007 to 2009. The principal payments will be recovered from general taxation.

(c) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

(d) Future repayments over the next five years on existing net long-term liabilities at December 31, 2007 are as follows:

2008	\$31,663
2009	\$15,031

NOTE 9 MUNICIPAL FUND BALANCES AT END OF YEAR

	<u>2007</u>	<u>2006</u>
Current Fund		
For general reduction of taxation	\$ <u>39,480</u>	\$ <u>83,146</u>
Capital Fund		
Insurance proceeds received to be spent on new automotive equipment	\$ <u>133,500</u>	\$ <u> </u>
Reserves and Reserve Funds		
Reserves set aside by Council		
Working capital	70,240	-
Recreation capital expenditure	20,514	20,514
Medical Centre capital expenditure	9,334	9,334
Waste Disposal Reserve	43,000	33,000
Public Works	101,061	101,061
Fire Services	19,116	28,729
Library	31,000	17,000
General government pay equity	<u> </u>	<u>5,325</u>
	<u>\$ 294,265</u>	<u>\$ 214,963</u>

NOTE 10 CONTRACTUAL OBLIGATION

Policing

The municipality has a contract with the Province of Ontario for policing services. The contract for 2007 was \$164,744 (2006 - \$172,085)

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 11 FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash, taxes receivable, accounts receivable, accounts payable and accrued liabilities due to school boards and net long-term liabilities.

Risk

It is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from its financial instruments.

Fair market value

Except for the following, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. It is not practicable to determine the fair value of net long-term liabilities. The terms and conditions of these liabilities are disclosed in note 8 to the financial statements.

NOTE 12 BUDGET FIGURES

Budget established for Capital Funds, Reserves and Reserve Funds are based on project-oriented basis, the cost of which may be carried out over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Consolidated Statement of Financial Activities. Budget figures are unaudited.

NOTE 13 PENSION AGREEMENT

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) on behalf of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS during the year was \$19,470 (2006 - \$15,468) for current services and is included as an expenditure on the Consolidated Statement of Financial Activities.

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
REVENUES			
Taxation and user charges			
Property taxation	\$ 1,247,356	\$ 1,244,417	\$ 1,157,188
Payment in lieu of taxes	24,000	25,329	20,299
Grants			
Province of Ontario	993,950	956,149	1,079,387
Government of Canada and other	1,178	1,178	8,822
Other			
License and permits	15,276	13,603	12,662
Penalties and interest	15,000	22,614	21,665
Rent	9,300	20,776	24,718
Fees, service charges and donations	47,967	45,567	85,368
Investment income	7,000	13,760	13,103
Recoveries from unconsolidated local boards	2,689	-	26,245
Sale of land	5,550	7,169	14,507
	<u>2,369,266</u>	<u>2,350,562</u>	<u>2,463,964</u>
EXPENDITURES			
General government	289,506	306,995	236,803
Protection to persons and property	281,689	283,368	279,395
Transportation services	479,763	428,016	381,508
Environmental services	158,598	105,458	170,199
Health services	103,089	100,316	109,053
Social and Family services	808,052	808,052	802,296
Recreation and cultural services	99,952	96,163	98,996
Planning and development	36,077	37,506	34,779
	<u>2,256,726</u>	<u>2,165,874</u>	<u>2,113,029</u>
NET REVENUES	112,540	184,688	350,935
FINANCING AND TRANSFERS			
To reserves and reserve funds	(84,240)	(95,757)	(133,457)
To capital fund	(47,714)	(41,573)	(53,479)
Amounts to be recovered from future revenues	-	(31,024)	8,183
Repayment of long-term liabilities	<u>(51,700)</u>	<u>(60,000)</u>	<u>(58,661)</u>
CHANGE IN CURRENT FUND	(71,114)	(43,666)	113,521
CURRENT FUND BALANCE AT BEGINNING OF YEAR	<u>83,146</u>	<u>83,146</u>	<u>(30,375)</u>
CURRENT FUND BALANCE AT END OF YEAR	<u>\$ 12,032</u>	<u>\$ 39,480</u>	<u>\$ 83,146</u>

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
REVENUES			
Province of Ontario	\$ 24,840	\$ 33,571	\$ 67,453
Government of Canada and other	33,223	-	49,840
Donations	-	-	5,225
Insurance proceeds	<u>-</u>	<u>133,500</u>	<u>-</u>
	<u>58,063</u>	<u>167,071</u>	<u>122,518</u>
EXPENDITURES			
General government	12,125	2,175	4,337
Protection to persons and property	17,145	16,455	14,513
Transportation services	15,000	34,464	65,540
Environmental services	20,325	16,086	17,901
Health services	15,558	7,370	31,751
Recreation and cultural services	<u>49,622</u>	<u>36,649</u>	<u>59,976</u>
	<u>129,775</u>	<u>113,199</u>	<u>194,018</u>
NET (EXPENDITURES) REVENUE	(71,712)	53,872	(71,500)
FINANCING AND TRANSFERS			
From current fund	47,714	41,573	53,479
From reserve fund	23,998	16,455	18,021
Long-term liabilities incurred	<u>-</u>	<u>21,600</u>	<u>-</u>
CHANGE IN CAPITAL FUND	-	133,500	-
CAPITAL FUND AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL FUND AT END OF YEAR	<u>\$ -</u>	<u>\$ 133,500</u>	<u>\$ -</u>

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUE	-	-	-
FINANCING AND TRANSFERS			
From current fund	84,240	95,757	133,457
To capital fund	<u>(23,998)</u>	<u>(16,455)</u>	<u>(18,021)</u>
CHANGES IN RESERVES AND RESERVE FUNDS	60,242	79,302	115,436
RESERVES AND RESERVE FUNDS AT BEGINNING OF YEAR	<u>214,963</u>	<u>214,963</u>	<u>99,527</u>
RESERVES AND RESERVE FUNDS BALANCE AT END OF YEAR	<u>\$ 275,205</u>	<u>\$ 294,265</u>	<u>\$ 214,963</u>

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF CURRENT FUND EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
GENERAL GOVERNMENT			
Salaries, wages and benefits	\$ 159,221	\$ 165,562	\$ 148,425
Materials and services	118,228	127,936	75,969
Rents and financial expenses	11,500	11,121	11,475
Donations and Tax adjustments	<u>557</u>	<u>2,376</u>	<u>934</u>
	<u>289,506</u>	<u>306,995</u>	<u>236,803</u>
PROTECTION TO PERSONS AND PROPERTY			
Salaries, wages and benefits	63,432	59,352	59,295
Materials and services	46,057	50,609	43,831
Rents and financial expenses	7,500	8,663	4,184
Policing	<u>164,700</u>	<u>164,744</u>	<u>172,085</u>
	<u>281,689</u>	<u>283,368</u>	<u>279,395</u>
TRANSPORTATION SERVICES			
Salaries, wages and benefits	192,558	168,350	146,797
Materials and services	285,705	256,813	230,221
Interest on long-term liabilities	<u>1,500</u>	<u>2,853</u>	<u>4,490</u>
	<u>479,763</u>	<u>428,016</u>	<u>381,508</u>
ENVIRONMENTAL SERVICES			
Salaries, wages and benefits	71,628	79,358	70,818
Materials and services	76,970	57,124	91,198
Change in solid waste landfill closure and post closure liabilities	<u>10,000</u>	<u>(31,024)</u>	<u>8,183</u>
	<u>158,598</u>	<u>105,458</u>	<u>170,199</u>
HEALTH SERVICES			
Salaries	50,845	51,448	46,538
Materials and services	43,715	40,339	37,340
Renfrew County and District Health Unit	<u>8,529</u>	<u>8,529</u>	<u>25,175</u>
	<u>103,089</u>	<u>100,316</u>	<u>109,053</u>
SOCIAL AND FAMILY SERVICES			
District of Nipissing Social Services			
Administration Board	735,556	735,556	732,634
East Nipissing Home for the Aged	<u>72,496</u>	<u>72,496</u>	<u>69,662</u>
	<u>808,052</u>	<u>808,052</u>	<u>802,296</u>
RECREATION AND CULTURAL			
Salaries, wages and benefits	36,814	38,158	39,878
Materials and services	<u>63,138</u>	<u>58,005</u>	<u>59,118</u>
	<u>99,952</u>	<u>96,163</u>	<u>98,996</u>
PLANNING AND DEVELOPMENT			
Municipal Property Assessment Corporation	<u>36,077</u>	<u>37,506</u>	<u>34,779</u>
	<u>\$ 2,256,726</u>	<u>\$ 2,165,874</u>	<u>\$ 2,113,029</u>