

**The Corporation of the
Township of Rideau Lakes
Consolidated Financial Statements
For the year ended December 31, 2008**

**The Corporation of the Township
of Rideau Lakes**

Township of Rideau Lakes

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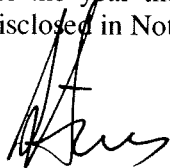
Auditor's Report

To the Members of Council Inhabitants and Ratepayers of The Corporation of the Township of Rideau Lakes

I have audited the Consolidated Statement of Financial Position of The Corporation of the Township of Rideau Lakes as at December 31, 2008 and the Consolidated Statements of Financial Activities and Changes in Financial Position. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Township of Rideau Lakes as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles disclosed in Note 1 to the financial statements.



Brent J. Burns
Chartered Accountant
Licensed Public Accountant

Gananoque, Ontario

March 13, 2009

**The Corporation of the Township of Rideau Lakes
Consolidated Statement of Financial Position**

December 31,	2008	2007
Financial Assets		
Cash (Note 3)	\$ 1,220,710	\$ 1,171,072
Taxes receivable	2,226,844	2,176,162
Accounts receivable	602,778	203,548
Deferred taxes receivable	24,000	48,000
Other assets	49,667	49,667
	4,123,999	3,648,449
Physical Assets		
Prepaid expenses	60,716	48,518
Total assets	\$ 4,184,715	\$ 3,696,967
Liabilities		
Accounts payable and accrued liabilities	\$ 2,120,939	\$ 888,679
Deferred revenues (Note 4)	924,475	866,259
Post employment benefits (Note 5)	10,670	10,670
	3,056,084	1,765,608
Long term debt (Note 6)	3,476,445	1,579,176
Landfill closure and post closure liabilities (Note 1)	1,486,721	1,486,721
Municipal position		
Capital fund	-	-
Operating fund	(96,226)	470,902
Reserves (Note 7)	912,695	1,156,303
Discretionary reserve funds (Note 7)	322,832	314,824
Amounts to be recovered (Note 8)	(4,973,836)	(3,076,567)
Municipal position	(3,834,535)	(1,134,538)
Total Liabilities and Municipal Position	\$ 4,184,715	\$ 3,696,967

**The Corporation of the Township of Rideau Lakes
Consolidated Statement of Financial Activities**

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenues			
Net taxation and user charges			
Taxation for municipal purposes	\$ 5,201,509	\$ 5,188,440	\$ 5,332,738
Payments in lieu of taxation	195,000	175,614	195,045
Provincial and federal grants	3,350,999	3,455,845	1,721,437
Revenues from other municipalities	495,400	351,694	228,687
User fees and service charges	1,242,307	1,335,585	1,275,092
Licenses, permits and rents	386,873	452,957	452,224
Fines and penalties	310,000	302,969	309,305
Investment income	80,000	35,286	75,701
Other	264,910	18,181	192,650
Total Revenues	\$ 11,526,998	\$ 11,316,571	\$ 9,782,879

**The Corporation of the Township of Rideau Lakes
Consolidated Statement of Financial Activities
(Continued)**

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Expenditures			
Current operations			
General government	\$ 2,026,125	\$ 1,983,864	\$ 1,993,713
Protection to persons and property	2,258,797	2,165,606	2,085,517
Transportation services	2,095,875	2,288,430	2,162,841
Environment and health services	983,888	828,180	869,948
Recreation and cultural services	1,320,585	1,087,597	1,051,398
Planning and development	291,008	284,610	264,573
	<u>8,976,278</u>	<u>8,638,287</u>	<u>8,427,990</u>
Capital			
General government	834,250	798,484	391,453
Protection to persons and property	299,625	366,011	233,696
Transportation services	3,513,000	3,887,699	1,118,263
Environmental services	210,000	255,202	151,455
Recreation and cultural services	61,700	126,525	43,828
Planning and development	104,015	68,788	76,820
	<u>5,022,590</u>	<u>5,502,709</u>	<u>2,015,515</u>
Total expenditures	<u>13,998,868</u>	<u>14,140,996</u>	<u>10,443,505</u>
Net expenditure	<u>\$ (2,471,870)</u>	<u>\$ (2,824,425)</u>	<u>\$ (660,626)</u>

The Corporation of the Township of Rideau Lakes Consolidated Statement of Changes in Financial Position

For the year ended December	2008	2007
Operations		
Net Expenditure	\$ 2,824,425	\$ (660,626)
Uses:		
Increase in taxes receivable	(50,682)	(8,410)
Increase in accounts receivable	(399,230)	-
Increase in prepaid expenses	(12,198)	-
Decrease in accounts payable	-	(563,837)
	(462,110)	(572,247)
Sources:		
Decrease in deferred taxes receivable	24,000	24,000
Increase in deferred revenues	58,216	74,472
Increase in accounts payable	1,356,688	-
Decrease in accounts receivable	-	654,672
	1,438,904	753,144
Net increase (decrease) in cash from operations	(1,847,631)	479,729
Financing		
Proceeds of long term debt	2,230,000	602,000
Repayment of debt principal	(332,731)	(201,585)
	1,897,269	400,415
Net change in cash and cash equivalents	49,638	79,314
Opening cash and cash equivalents	1,171,072	1,091,758
Closing cash and cash equivalents	\$ 1,220,710	\$ 1,171,072

The Corporation of the Township of Rideau Lakes

Notes to Consolidated Financial Statements

December 31, 2008

1. Summary of Significant Accounting Policies

The consolidated financial statements of the Corporation of the Township of Rideau Lakes are the representation of management prepared in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

a) (i) Reporting Entity

These consolidated statements reflect the assets, liabilities, sources of financing and applications of financing of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards which are under the control of Council.

- The Rideau Lakes Public Library Board.
- The Lower Beverley Lake Township Park Management Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

ii) Proportionally Consolidated Entities

The following Joint Local Boards are proportionally consolidated:

- The Westport-North Crosby Waste Management Board
- The Westport-Rideau Lakes Fire Board

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.

b) i) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized, as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

- ii) The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial activities in the year of acquisition.

The Corporation of the Township of Rideau Lakes Notes to Consolidated Financial Statements

December 31, 2008

c) Landfill closure and post-closure liabilities:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

d) 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 period. Actual results could differ from those estimates.

2. Operations of School Boards and the United Counties of Leeds and Grenville

The taxation, other revenues and expenditures of the School Boards and the United Counties of Leeds and Grenville not reflected in these financial statements are comprised of the following:

	<u>School Boards</u>	<u>United Counties of Leeds and Grenville</u>
Taxation	\$ 3,928,101	\$ 5,677,923
Grants in lieu	<u>52,604</u>	<u>68,273</u>
Requisitions	3,980,705	5,746,196
	<u>(3,980,705)</u>	<u>(5,746,196)</u>
	<u>\$ -</u>	<u>\$ -</u>

3. Restricted Assets

Cash in the amount of \$1,038,575 has been restricted to support Reserve Funds.

The Corporation of the Township of Rideau Lakes Notes to Consolidated Financial Statements

December 31, 2008

4. Deferred Revenues

Included in deferred revenues are funds noted below the use of which, together with any earnings, is restricted by legislation and agreements with external parties. These amounts will be recognized as revenue in the period in which a related expenditure is made.

Obligatory Reserve Funds	2008	2007
Development charges funds	\$ 3,195	3,116
Parkland reserve fund	712,548	617,929
	715,743	621,045
 Other Deferred Revenues		
Taxation for local improvement	24,000	48,000
Recreation fees	46,111	32,495
Development charges	49,667	49,667
Park Fees	78,954	65,170
Library	10,000	49,882
	208,732	245,214
	\$ 924,475	\$ 866,259

Other deferred revenues include taxation revenues to be raised in future years under the Local Improvement Act, whereby a levy of \$ 24,000 is collected each year from benefiting taxpayers.

5. Post employment benefits

Under the sick leave benefit plan, of the former Townships of Bastard and South Burgess, South Crosby and South Elmsley, unused sick leave was accumulated. The employees of the former Townships who became employees of the new Township, are entitled to a cash payment only when they leave the new municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$ 10,670 at the end of the year.

The Corporation of the Township of Rideau Lakes Notes to Consolidated Financial Statements

December 31, 2008

6. Long term debt	2008	2007
(a) Debt payable, issued in the name of the Corporation is comprised of:		
Bank term loans	\$ 3,462,629	\$ 1,562,116
Debentures for tile drainage loans	13,816	17,060
	3,476,445	1,579,176
Of the municipal debt shown above, the responsibility of payment of principal and interest for the drainage loans has been assumed by individuals	(13,816)	(17,060)
Long term liabilities to be recovered from future revenues	\$ 3,462,629	\$ 1,562,116

These long term liabilities have been approved by bylaw. Annual principal and interest payments required to service this debt are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs and Housing.

The responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. However, the municipality is contingently liable for these tile drainage loans.

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 and Housing.

The Corporation of the Township of Rideau Lakes
Notes to Consolidated Financial Statements

December 31, 2008

7. Reserves and Discretionary Reserve Funds

The total balance of reserves and reserve funds of \$ 1,235,527 is made up of the following:

Reserves set aside for specific purposes by council:

	2008	2007
Working Capital	\$ 296,275	\$ 306,725
Capital expenditures	427,539	766,703
Insurance	58,205	58,205
Sick leave	10,670	10,670
Contingencies	14,000	14,000
Waste disposal	106,006	-
	\$ 912,695	\$ 1,156,303

Discretionary Reserve Funds set aside for specific purposes:

Lot levies	\$ 147,406	\$ 142,836
Equipment replacement	153,698	150,685
Housing	21,728	21,303
	322,832	314,824

Total reserves and reserve funds

	\$ 1,235,527	\$ 1,471,127
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8. Amounts to be recovered

	2008	2007
Post employment benefits	\$ 10,670	\$ 10,670
Long term liabilities	3,476,445	1,579,176
Solid waste site closure liabilities	1,486,721	1,486,721
	\$ 4,973,836	\$ 3,076,567

9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (O.M.E.R.S.), which is a multi-employer plan, on behalf of 37 members 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 contributions to O.M.E.R.S. made for 2008 for current service were \$ 259,480. These amounts are included in current operations on the statement of financial activities.

The Corporation of the Township of Rideau Lakes Notes to Consolidated Financial Statements

December 31, 2008

10. Trust Funds

Trust Funds of \$ 28,133 (2007 - \$14,758) and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Statements of Continuity and Balance Sheet.

11. Public Sector Disclosure

The Township is an employer subject to the Public Sector Salary Disclosures Act 1996. One employee was paid in excess of \$ 100,000 or more by the municipality in 2008.

12. Tangible Capital Assets

The Township is currently establishing policies and creating an inventory of tangible capital assets in order to comply with the requirements for Tangible Capital Assets reporting which will take effect January 1, 2009.

13. Financial Instruments

The fair value of the municipality's financial instruments that are comprised of cash, taxes receivable, accounts receivable, other current assets, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

The fair value of long-term liabilities is based on rates currently available to the municipality with similar terms and maturities and approximates its carrying value.

Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**The Corporation of the Township of Rideau Lakes
Schedule of Operating Fund Operations**

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Net taxation for municipal purposes	\$ 5,201,509	\$ 5,188,440	\$ 5,332,738
Payment in lieu of taxation	195,000	175,614	195,045
Provincial and Federal grants	2,096,973	2,141,563	1,595,524
Revenue from other municipalities	220,400	220,400	79,500
User fees and services charges	1,240,857	1,335,585	1,275,092
Licenses and permits	386,873	452,957	452,224
Fines and penalties	310,000	302,969	309,305
Investment income	80,000	35,286	75,701
Other	253,241	20,144	186,707
Total revenues	9,984,853	9,872,958	9,501,836
Expenditures			
Current operations			
General Government	2,026,125	1,983,864	1,993,713
Protections to persons and property	2,258,797	2,165,606	2,085,517
Transportation services	2,095,875	2,288,430	2,162,841
Environment and Health services	983,888	828,180	869,948
Recreation and cultural services	994,096	1,087,597	1,051,398
Planning and development	291,008	284,610	264,573
	8,649,789	8,638,287	8,427,990
Net Revenues	1,335,064	1,234,671	1,073,846
Financing and transfers			
Debt principal repayments	(300,932)	(333,671)	(132,513)
Transfers (to) from reserve and reserve funds	(610,923)	(577,487)	(124,441)
Transfers to capital operations	(423,209)	(890,641)	(801,951)
Net financing and transfers	1,335,064	(1,801,799)	(1,058,905)
Change in operating fund	-	(567,128)	14,941
Current fund balance – beginning of year	470,902	470,902	455,961
Current fund balance – end of year	\$ 470,902	\$ (96,226)	\$ 470,902

**The Corporation of the Township of Rideau Lakes
Schedule of Capital Fund Operations**

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenues			
Federal and Provincial Grant	\$ 1,254,026	\$ 1,289,249	\$ 125,913
Revenue from other municipalities	<u>275,000</u>	<u>272,194</u>	<u>149,187</u>
	<u>1,529,026</u>	<u>1,561,443</u>	<u>275,100</u>
Expenditures			
General Government	834,250	798,484	391,453
Protection to persons and property	299,625	366,011	233,696
Transportation services	3,513,000	3,887,699	1,118,263
Environmental services	210,000	255,202	151,455
Recreation and cultural services	61,700	126,525	43,828
Planning and development	<u>104,015</u>	<u>68,788</u>	<u>76,820</u>
Total expenditures	<u>5,022,590</u>	<u>5,502,709</u>	<u>2,015,515</u>
Net expenditures	<u>(3,493,564)</u>	<u>(3,941,266)</u>	<u>(1,740,415)</u>
Financing and transfers			
Proceeds from long term debt	2,229,730	2,230,000	602,000
Transfers from operating fund	423,209	890,641	801,951
Transfers from reserves and reserve funds	<u>840,625</u>	<u>820,625</u>	<u>336,464</u>
	<u>3,493,564</u>	<u>3,941,266</u>	<u>1,740,415</u>
Changes in capital fund balance	-	-	-
Opening capital fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Closing capital fund balance	\$ -	\$ -	\$ -

**The Corporation of the Township of Rideau Lakes
Schedule of Reserve and Reserve Funds**

December 31	2008 Budget	2008 Actual	2007 Actual
Revenues			
Investment income	\$ -	\$ 7,538	\$ 5,943
Net transfers from operating fund	610,923	577,487	124,441
Net transfers to capital fund	(840,625)	(820,625)	(336,464)
	<u>(229,702)</u>	<u>(243,138)</u>	<u>(212,023)</u>
Change in reserve fund balance	(229,702)	(235,128)	(206,080)
Opening balance	<u>1,471,127</u>	<u>1,470,655</u>	<u>1,676,735</u>
Closing balance (Note 7)	\$ 1,241,425	\$ 1,235,527	\$ 1,470,655