

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2007

Consolidated Financial Statements of

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Year ended December 31, 2007

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of North Dundas

We have audited the consolidated statement of financial position of the Corporation of the Township of North Dundas as at December 31, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of North Dundas as at December 31, 2007 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
July 21, 2008

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Financial assets:		
Cash and cash equivalents (note 3)	\$ 8,883,043	\$ 7,586,868
Taxes receivable	1,426,029	1,236,630
Accounts receivable	645,468	1,234,320
Notes receivable (note 4)	168,627	108,627
Long-term investments (note 3)	107,987	163,836
	<u>11,231,154</u>	<u>10,330,281</u>
Liabilities:		
Accounts payable and accrued liabilities	741,358	857,037
Landfill closure and post-closure liabilities (note 12)	1,222,215	1,070,547
Deferred revenues – obligatory reserve funds (note 11)	595,003	679,474
Deferred revenue	1,057,396	181,843
	<u>3,615,972</u>	<u>2,788,901</u>
Net financial assets	7,615,182	7,541,380
Other non-financial assets:		
Inventory and prepaid expenses	146,286	97,774
Total net assets	<u>\$ 7,761,468</u>	<u>\$ 7,639,154</u>
Municipal position (note 2):		
Capital fund	\$ (673,723)	\$ (790,016)
Reserves	4,839,311	4,723,047
Reserve funds	4,818,095	4,776,670
	<u>8,983,683</u>	<u>8,709,701</u>
Amounts to be recovered from future revenues	(588,672)	(463,535)
Amounts to be recovered from reserve funds	(633,543)	(607,012)
	<u>(1,222,215)</u>	<u>(1,070,547)</u>
Commitments (note 10)		
Contingent liabilities (notes 5(c) and 15)		
Total municipal position	<u>\$ 7,761,468</u>	<u>\$ 7,639,154</u>

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Activities

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenues:		
Property taxation	\$ 4,349,798	\$ 4,322,339
User charges	2,603,763	2,695,876
Government grants – province	1,224,648	1,702,969
Government grants – federal	–	18,848
Transfer from deferred revenue – obligatory reserve fund	398,717	128,673
Investment income	390,165	349,556
Penalties and interest on taxes	202,544	165,688
Donations	22,202	12,918
Sale of assets	11,968	7,913
Contributions, benefiting landowners	24,621	50,500
Other	65,690	26,981
Revenue from other municipalities	59,088	36,044
Total revenues	9,353,204	9,518,305
Expenditures:		
Current (note 14):		
General government	1,075,978	1,092,277
Protection to persons and property	580,933	581,497
Transportation services	2,000,069	1,879,660
Environmental services	1,798,093	1,673,481
Social and family services	3,215	2,340
Recreation and cultural services	1,194,989	1,149,486
Planning and development	170,683	211,964
Total current expenditures	6,823,960	6,590,705
Capital:		
General government	143,240	296,175
Protection to persons and property	207,228	334,353
Transportation services	1,290,508	1,749,346
Environmental services	371,762	312,658
Recreation and cultural services	408,700	164,812
Planning and development	34,004	3,165
Total capital expenditures	2,455,442	2,860,509
Total expenditures	9,279,402	9,451,214
Net revenues	73,802	67,091
Change in amount to be recovered:		
Change in landfill closure and post closure liability	151,668	63,117
Increase in amount to be recovered	151,668	63,117
Increase in non-financial assets	48,512	3,917
Increase in fund balances	\$ 273,982	\$ 134,125

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Operations:		
Net revenues	\$ 73,802	\$ 67,091
Sources (uses) of funds:		
Increase in taxes receivable	(189,399)	(83,817)
Decrease (increase) in accounts receivable	588,852	(9,513)
Decrease (increase) in notes receivable	(60,000)	91,373
Increase (decrease) in accounts payable and accrued liabilities	(115,679)	92,861
Increase in landfill closure and post-closure liabilities	151,668	63,117
Increase (decrease) in deferred revenues – obligatory reserve funds	(84,471)	141,208
Increase in deferred revenue	875,553	2,900
	1,166,524	298,129
Net change in cash from operations	1,240,326	365,220
Investments:		
Decrease in long-term investments	55,849	3,414,235
Increase in cash and cash equivalents	1,296,175	3,779,455
Cash and cash equivalents, beginning of year	7,586,868	3,807,413
Cash and cash equivalents, end of year	\$ 8,883,043	\$ 7,586,868

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements

Year ended December 31, 2007

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of North Dundas (the "Township") are the representation of management prepared in accordance with Canadian generally accepted accounting principles prescribed for local government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances of the revenue fund, capital fund, reserve funds and reserves of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(ii) Non-consolidated entities:

There are no non-consolidated entities.

(iii) Accounting for County and school board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the United Counties of Stormont, Dundas and Glengarry are not reflected in the municipal fund balances of these consolidated financial statements.

(iv) Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Statement of Financial Position".

(b) Basis of accounting:

(i) Capital assets:

The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(ii) Workplace Safety and Insurance Board ("WSIB") obligations:

The Township bears the cost of certain insurance and pension benefits awarded under workplace safety and insurance legislation and accrues an estimate of the future cost of these obligations based on amounts actuarially determined by WSIB.

Actuarial gains or losses arising from changes in the annual estimate are recognized immediately in the year that they arise.

(iii) 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 with respect to events extending over a forty-five year period 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.

(iv) The charges for long-term liabilities assumed by individuals in the case of the drainage and shoreline property assistance loans are not reflected in the financial statements.

(c) Long-term investments:

Long-term investments are recorded at cost plus accrued interest, which approximates market value.

(d) Deferred revenues – obligatory reserve funds:

The Township receives restricted contributions under the authority of provincial and federal legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(e) Amounts to be recovered:

Amounts to be recovered are comprised of municipal debt, accrued interest on municipal debt, landfill closure and post-closure liabilities and Workplace Safety and Insurance Board future benefit obligations.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

1. Significant accounting policies (continued):

(f) 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 expenditures during the period. Actual results could differ from those estimates.

2. Municipal position at the end of the year:

(a) The balances on the "Consolidated Statement of Financial Position" of municipal position of \$7,761,468 (2006 - \$7,639,154), at the end of the year are comprised of the following:

	2007	2006
Fund balances at the end of the year, surplus (deficit):		
Current fund	\$ -	\$ -
Capital fund:		
Capital expenditures to be financed from taxation or user charges	(673,723)	(790,016)
Reserves	4,839,311	4,723,047
Reserve funds	4,818,095	4,776,670
	8,983,683	8,709,701
Amounts to be recovered from future revenues and reserve funds:		
Landfill closure and post-closure liabilities	(1,222,215)	(1,070,547)
	\$ 7,761,468	\$ 7,639,154

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

2. Municipal position at the end of the year (continued):

(b) The balance available for the general increase in taxation at December 31, 2007 has been increased by an amount of \$(3,579) (2006 reduction of \$2,226) transferred from the reserves and reserve funds as authorized by Council.

Had this reduction not been made, the current fund - general purpose balance would have shown a deficit of \$(3,579) (2006 surplus of \$2,226).

3. Restricted assets:

Cash and cash equivalents and long-term investments in the aggregate amount of \$5,413,098 (2006 - \$5,456,144) have been restricted to support reserve funds.

4. Notes receivable:

	2007	2006
Due from Mountain Township Agricultural Society, repayable from proceeds of sales of excess land, bearing interest at an annual rate of 4%, due September 2013, secured by land	\$ 108,627	\$ 108,627
Note receivable from Dundas County Food Bank Inc., interest-free loan, repayable in five year annual instalments of \$12,000 each commencing December 14, 2008, unsecured	60,000	-
	<u>\$ 168,627</u>	<u>\$ 108,627</u>

Proceeds from land sales in the net amount of \$96,041 were received against the note receivable subsequent to the year end.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

5. Municipal debt:

- (a) The municipal debt reported on the "Consolidated Statement of Financial Position" is made up of the following:

	2007	2006
Total municipal debt incurred by the Township including those incurred on behalf of other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 260,195	\$ 358,247
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage and shore-line property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is	(248,354)	(231,873)
Loans from reserve fund eliminated upon consolidation:		
Sewer Ward 3 – repayable in monthly instalments of \$1,128, interest at 4%, matures April 2008	(4,389)	(17,469)
Sewer Ward 4 – repayable in monthly instalments of \$1,915, interest at 4%, matures April 2008	(7,452)	(29,654)
Sewer Ward 3 – repayable in monthly instalments of \$7,748, interest at 4%, matures November 2007	–	(79,251)
Municipal debt at the end of the year	\$ –	\$ –

- (b) The long-term liabilities in (a), issued in the name of the Township, have been approved by either the Ontario Municipal Board or by by-law. 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 & Housing.
- (c) As issuer, the Township is contingently liable for payment of the long-term liabilities with respect to tile drainage and shore-line property assistance loans in the amount of \$248,354 (2006 - \$231,873), which are not reported on the "Consolidated Statement of Financial Position".

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

5. Municipal debt (continued):

(d) During the fiscal year ended December 31, 2002, the Township paid off long-term debt held by various banking institutions in the total amount of \$744,788 with respect to water and sewer capital projects. As a means of funding these repayments, the Operating Fund borrowed these amounts from the Infrastructure Reserve Fund. This interfund debt is secured by promissory notes and is to be repaid over a predetermined period of time. Council approved the financing arrangements and ultimate repayment of these amounts through the current budget process. For the purpose of these financial statements, this interfund debt is reflected as interfund transfers and therefore eliminated upon consolidation. The related capital projects are reported as unfinanced capital at December 31, 2007 in the amount of \$11,841 (2006 - \$126,374) to be financed from taxation and user charges as the interfund debt is repaid.

6. Operations of school boards and the United Counties of Stormont, Dundas and Glengarry:

During 2007, requisitions were made by the school boards and the United Counties of Stormont, Dundas and Glengarry requesting the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards		United Counties of Stormont, Dundas and Glengarry	
	2007	2006	2007	2006
Amounts requisitioned	\$ 3,544,816	\$ 3,614,523	\$ 5,568,331	\$ 5,566,911

7. Trust funds:

Trust funds administered by the Township amounting to \$7,213 (2006 - \$8,613) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

8. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 38 members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2007 was \$118,401 (2006 - \$110,745) for current service and is included as an expenditure on the "Consolidated Statement of Financial Activities".

9. Budget figures:

The approved operating and capital budgets for 2007 are reflected on the "Consolidated Schedule of Current Fund Operations" and "Consolidated Schedule of Capital Fund Operations". These numbers have not been audited but are presented for information purposes only.

10. Commitments:

In 2002, the Township pledged a total of \$700,000 to the Winchester District Memorial Hospital to be paid by annual instalments of \$70,000 commencing in 2003 through to 2012.

11. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	2007	2006
Balance, beginning of year	\$ 679,474	\$ 538,265
Development contributions	140,736	120,965
Recreational land	–	15,700
Investment income	30,348	25,834
Grants – Federal Gas Tax	143,162	107,383
Transfers to revenue fund (Development charges)	(7,752)	(3,423)
Transfer to capital fund	(390,965)	(125,250)
Balance, end of year	\$ 595,003	\$ 679,474
Analyzed as follows:		
Parkland	\$ 139,940	\$ 122,379
Development charges	377,020	336,752
Federal Gas Tax	78,043	220,343
	\$ 595,003	\$ 679,474

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

12. Landfill closure and post-closure liabilities:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements 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 with respect to events extending over a forty-five year period 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.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long-term borrowing rate of 6.0%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$1,599,472. The estimated liability for these expenditures is recognized as the landfill site's capacity is used. Included on the "Consolidated Statement of Financial Position" at December 31, 2007 is an amount of \$1,222,215 (2006 - \$1,070,547) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Boyne landfill site is 24% of its total estimated capacity and its estimated remaining life is 12 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Mountain landfill site is 23% of its total estimated capacity and its estimated remaining life is 17 years, after which the period for post-closure care is estimated to be 25 years.

13. Workplace Safety and Insurance Board future benefit obligations:

In common with schedule 2 employers, the Township funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees. During the year, the Township was provided with an estimate for future benefit costs and administrative loading, as actuarially determined by the Workplace Safety and Insurance Board as at December 31, 2007, in the amount of \$Nil (2006 - \$ Nil).

Actuarial gains or losses arising from changes in the annual estimate are recognized immediately in the year that they arise.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

14. Supplementary information:

	2007	2006
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 2,685,732	\$ 2,476,893
Materials, services, rents and financial expenses	3,966,755	3,927,056
Transfers to others	171,473	186,756
Total	\$ 6,823,960	\$ 6,590,705

15. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2007, management believes that the Township has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Township's financial position.

16. Fair value of financial assets and financial liabilities:

Commencing with the fiscal year beginning January 1, 2009, the Township will be adopting CICA Public Sector Accounting Handbook Section PS 3150, "Tangible Capital Assets". This section establishes standards on how to account for and report tangible capital assets in government financial statements. Tangible capital assets include such diverse items as roads, bridges, buildings, vehicles, equipment, land, water systems and other utility systems.

Effective January 1, 2007, the Township adopted Public Sector Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets by way of a note to the financial statements until Section 3150 – Tangible Capital Assets comes into effect on January 1, 2009.

As of December 31, 2007, the Township does not have adequate information to disclose any of the tangible capital assets by major category.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

17. Fair value of financial assets and financial liabilities:

The carrying values of cash and cash equivalents, taxes receivable, accounts receivable, notes receivable, long-term investments and accounts payable and other liabilities approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

18. Comparative figures:

Certain 2006 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Current Fund Operations

Year ended December 31, 2007, with comparative figures for 2006

	Budget 2007 (unaudited)	Actual 2007	Actual 2006
Revenues:			
Property taxation	\$ 4,238,554	\$ 4,349,798	\$ 4,322,339
User charges	2,485,521	2,603,763	2,695,876
Government grants - province	1,109,256	1,088,443	944,740
Revenue from other municipalities	4,000	37,354	5,496
Contributing landowners	—	2,862	3,600
Insurance recoveries	—	3,369	—
Miscellaneous	—	13,576	—
Interest	117,330	178,554	155,527
Penalties and interest on taxes	165,000	202,544	165,688
Donations	—	12,499	12,918
Transfer from obligatory reserve funds	500	7,752	3,423
Total revenues	8,120,161	8,500,514	8,309,607
Expenditures:			
General government	1,094,921	1,075,978	1,092,277
Protection to persons and property	629,699	580,933	581,497
Transportation services	1,717,159	2,000,069	1,879,660
Environmental services	1,823,487	1,798,093	1,673,481
Social and family services	3,000	3,215	2,340
Recreation and cultural services	1,142,546	1,194,989	1,149,486
Planning and development	180,825	170,683	211,964
Total expenditures	6,591,637	6,823,960	6,590,705
Net revenue	1,528,524	1,676,554	1,718,902
Financing and transfers:			
Transfers to capital fund	(1,038,516)	(1,185,194)	(1,116,505)
Transfers to reserves and reserve funds	(490,008)	(691,540)	(670,155)
Change in landfill closure and post closure liability	—	151,668	63,117
Change in non-financial assets	—	48,512	3,917
Net financing and transfers	(1,528,524)	(1,676,554)	(1,719,626)
Change in current fund balance	—	—	(724)
Opening current fund balance	—	—	724
Closing current fund balance	\$ —	\$ —	\$ —

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2007, with comparative figures for 2006

	Budget 2007	Actual 2007	Actual 2006
	(unaudited)		
Revenues:			
Government grants - province	\$ 576,464	\$ 136,205	\$ 488,229
- COMRIF	–	–	270,000
- federal	–	–	18,848
- other municipalities	–	21,734	30,548
Donations	5,200	9,703	–
Sale of assets	160,000	11,968	7,913
Waste Diversion Organization	60,000	46,075	9,761
Contributing landowners	30,000	21,759	46,900
Transfer from obligatory reserve funds	453,100	390,965	125,250
Other	–	2,670	1,659
Total revenues	1,284,764	641,079	999,108
Expenditures:			
General government	175,357	143,240	296,175
Protection to persons and property	250,170	207,228	334,353
Transportation services	1,573,500	1,290,508	1,749,346
Environmental services	493,200	371,762	312,658
Recreation and cultural services	930,352	408,700	164,812
Planning and development	9,100	34,004	3,165
Total expenditures	3,431,679	2,455,442	2,860,509
Net expenditures	(2,146,915)	(1,814,363)	(1,861,401)
Financing and transfers:			
Transfers from current fund	1,038,516	1,185,194	1,116,505
Transfers from reserves and reserve funds	1,108,399	745,462	846,245
Net financing and transfers	2,146,915	1,930,656	1,962,750
Change in capital fund balance	–	116,293	101,349
Opening capital fund balance	–	(790,016)	(891,365)
Closing capital fund balance	\$ –	\$ (673,723)	\$ (790,016)

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenues:		
Investment income	\$ 211,611	\$ 194,029
Additional contributions	-	15,561
	<u>211,611</u>	<u>209,590</u>
Net transfers from (to) other funds:		
Transfers from current fund	691,540	670,155
Transfers to capital fund	(745,462)	(846,245)
Total net transfers	<u>(53,922)</u>	<u>(176,090)</u>
Change in reserves and reserve fund balance	157,689	33,500
Opening reserves and reserve fund balance	9,499,717	9,466,217
Closing reserves and reserve fund balance	<u>\$ 9,657,406</u>	<u>\$ 9,499,717</u>
Analyzed as follows:		
Reserves set aside for specific purposes by Council for:		
Working capital	\$ 1,156,574	\$ 1,350,373
Fire	374,166	346,796
Sewer and water	1,814,878	1,455,068
Roads	927,211	953,048
Recreation and culture	389,421	391,201
Waste management	74,661	96,661
Hospital building	95,000	125,000
Other	7,400	4,900
Total reserves	<u>4,839,311</u>	<u>4,723,047</u>
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Infrastructure	4,000,000	4,000,000
Recreation	7,781	7,672
Waste management	633,543	607,012
Association and events	160,679	146,578
South Mountain Union Cemetery	16,092	15,408
Total reserve funds	<u>4,818,095</u>	<u>4,776,670</u>
Total reserves and reserve funds	<u>\$ 9,657,406</u>	<u>\$ 9,499,717</u>

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Four-Year Financial Review
(Unaudited)

(All dollar amounts are in thousands of dollars, except per capita figures.)

	2007	2006	2005	2004
Population at the end of the year	11,883	11,784	11,644	11,488
Employees - continuous full time	38	38	38	38
- part time	32	32	32	32
Number of households	4,318	4,284	4,235	4,307
1. Assessment				
Taxable assessment upon which the year's rates of taxation were set:				
Residential and farm	\$ 770,092	\$ 760,377	\$ 681,419	\$ 673,266
Commercial, multi-residential and industrial	67,388	65,225	63,089	63,501
Pipeline and managed forests	44,527	44,310	43,972	43,937
Total	\$ 882,007	\$ 869,912	\$ 788,480	\$ 780,704
Per capita	\$ 74,224	\$ 73,821	\$ 67,716	\$ 67,958
Commercial, multi-residential and industrial as a percentage of total taxable assessment	7.6%	7.5%	8.0%	8.1%
Exempt assessment	\$ 28,964	\$ 28,706	\$ 30,864	\$ 30,972
2. Revenue for general municipal services				
Taxation	\$ 4,280	\$ 4,277	\$ 4,128	\$ 4,062
Payments in lieu of taxes	86	87	84	84
Ontario and Federal grants	1,088	945	1,483	1,272
Fees and service charges	2,604	2,696	2,759	2,594
Other	443	304	421	293
Total	\$ 8,501	\$ 8,309	\$ 8,875	\$ 8,305
3. Tax arrears - per capita	\$ 120.01	\$ 104.94	\$ 99.00	\$ 86.45
- percentage of current levy	10.6	9.3	8.7	7.5
4. Expenditure - general municipal	\$ 6,824	\$ 6,591	\$ 6,235	\$ 6,422
5. Transfers to the region or county	\$ 5,568	\$ 5,567	\$ 5,457	\$ 5,392
6. Transfers to the school boards	\$ 3,555	\$ 3,615	\$ 3,737	\$ 3,874
7. Capital financing during the year				
Contributions from own funds	\$ 2,621	\$ 2,088	\$ 1,106	\$ 1,433
Ontario and Federal grants	136	777	252	17
Other	114	97	435	101
Total	\$ 2,871	\$ 2,962	\$ 1,793	\$ 1,551
8. Capital expenditure during the year	\$ 2,455	\$ 2,860	\$ 2,283	\$ 1,335
9. Capital fund balance	\$ (674)	\$ (790)	\$ (891)	\$ (399)
10. Current fund balance	\$ -	\$ -	\$ 1	\$ (54)
11. Reserves and reserve funds	\$ 9,657	\$ 9,500	\$ 9,466	\$ 7,741



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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of North Dundas

We have audited the statement of financial position of the trust funds of the Corporation of the Township of North Dundas as at December 31, 2007 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Township of North Dundas as at December 31, 2007 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that underlines the text.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
July 21, 2008

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Financial Position

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Assets		
Cash	\$ 1,702	\$ 1,713
Ontario Home Renewal Plan loans receivable	7,213	8,613
	<u>\$ 8,915</u>	<u>\$ 10,326</u>
Liabilities and Capital		
Liabilities:		
Accounts payable	\$ 1,702	\$ 1,713
Fund balance:		
Capital	7,213	8,613
	<u>\$ 8,915</u>	<u>\$ 10,326</u>

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Continuity

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Balance at beginning of year	\$ 8,613	\$ 9,919
Interest earned	302	407
	8,915	10,326
Expenditures:		
Ontario Home Renewal Plan:		
- Administration charges	120	131
- Return of capital to Ministry of Municipal Affairs and Housing	1,582	1,582
	1,702	1,713
Balance at end of year	\$ 7,213	\$ 8,613

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds
Notes to Financial Statements

Year ended December 31, 2007

1. Accounting policies:

Basis of accounting:

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

2. Ontario Home Renewal Program:

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2007 are comprised of repayable loans of \$7,213 (2006 - \$8,613) and forgivable loans of \$Nil (2007 - \$Nil). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.