

Financial Statements



AUDITORS' REPORT

*To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of Caledon*

The accompanying summarized consolidated statement of financial position, statements of financial activities and cash flows are derived from the complete financial statements of the Corporation of the Town of Caledon as at December 31, 2007 and for the year ended upon which we expressed our opinion without reservation in our report dated March 7, 2008. The summarization of the complete financial statements is the responsibility of the Municipality's management. Our responsibility, in accordance with the applicable Assurance Guidelines of the Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the company's financial position, results of its financial activities and cash flows, reference should be made to the related complete financial statements.

Chartered Accountants, Licensed Public Accountants

Orangeville, Ontario
March 7, 2008

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2007	2006
FINANCIAL ASSETS		
Cash and bank	\$ 9,494,452	\$ 9,478,892
Temporary investments (Note 1)	31,355,828	30,017,232
Taxes receivable	8,537,126	7,803,059
Accounts and grants receivable	1,521,676	2,654,088
Long-term receivables (Note 2)	410,580	436,252
	51,319,662	50,389,523
LIABILITIES		
Accounts payable and accrued liabilities	8,472,821	7,901,747
Deferred revenue	6,873,019	3,289,877
Net long-term liabilities (Note 3)	1,339,711	802,536
	16,685,551	11,994,160
Net Financial Assets	34,634,111	38,395,363
NON-FINANCIAL ASSETS		
Inventory held for resale	230,583	58,511
Other	175,689	155,738
	406,272	214,249
Accumulated Surplus	\$35,040,383	\$38,609,612
MUNICIPAL POSITION		
Fund Balances		
Current fund	549,351	527,366
Capital fund	20,748,656	13,396,925
Reserves and reserve funds	15,082,087	25,487,857
	36,380,094	39,412,148
Amounts to be recovered (Note 4)	(1,339,711)	(802,536)
	\$35,040,383	\$38,609,612



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31	2007	2007	2006
	Budget (Unaudited)	Actual	Actual
REVENUE			
Taxation (Note 5)	\$24,878,009	\$24,619,385	\$23,783,071
Fees and user charges	7,353,000	7,122,535	6,716,342
Canada Grants	1,500	5,745	--
Ontario Grants	1,742,800	2,341,549	15,574,544
Other Income (Note 6)	19,096,754	10,271,992	9,011,468
Obligatory reserve fund revenue recognized	3,783,131	3,824,262	8,795,916
	56,855,194	48,185,468	63,881,341
EXPENDITURES			
Current (Note 7)			
General Government	5,990,300	5,993,489	6,086,796
Protection Services	7,569,900	7,540,664	6,477,522
Transportation Services	9,045,400	8,792,648	7,393,271
Net Interest on former Caledon Hydro Corporation Debt	--	537,175	728,609
Recreation and Cultural Services	10,385,600	10,071,014	9,652,432
Planning and Development	5,767,100	5,425,586	5,216,038
	38,758,300	38,360,576	35,554,668
Capital			
General Government	575,000	227,665	285,222
Protection Services	550,000	514,718	685,656
Transportation Services	23,574,430	5,509,759	6,401,574
Recreational and Cultural Services	5,932,000	7,141,979	5,606,430
	30,631,430	13,394,121	12,978,882
Total Expenditures	69,389,730	51,754,697	48,533,550
Net revenue (expenditures) for the year	(12,534,536)	(3,569,229)	15,347,791
Change in amounts to be recovered (Note 4)	(695,000)	537,175	(3,411,390)
Change in fund balances for the year	(13,229,536)	(3,032,054)	11,936,401
Fund balances, beginning of year	39,284,782	39,412,148	27,475,747
Fund balances, end of year	\$26,055,246	\$36,380,094	\$39,412,148

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2007	2006
Cash provided by (used in)		
Operating Activities		
Net revenue (expenditures) for the year	\$(3,569,229)	\$15,347,791
Changes in non-cash working capital items		
Decrease (increase) in taxes receivable	(734,067)	(1,829,882)
Decrease (increase) in trade and other receivables	1,132,412	266,291
Decrease (increase) in inventory held for resale	(172,072)	5,341
Decrease (increase) in other current assets	(19,951)	(53,315)
Increase in accounts payable	571,074	1,044,044
Decrease in deferred revenue	3,583,142	(4,674,745)
	4,360,538	(5,242,266)
	791,309	10,105,525
Investing Activities		
Net investment in Caledon Hydro Debt Retirement Fund	1,698,175	(2,181,390)
Net investment in long-term receivables	25,672	39,777
	1,723,847	(2,141,613)
Financing Activities		
Repayment of long-term liabilities	(1,161,000)	(1,230,000)
Net change in cash and cash equivalents	1,354,156	6,733,912
Cash and cash equivalents, beginning of year	39,496,124	32,762,212
Cash and cash equivalents, end of year	\$40,850,280	\$39,496,124
Cash and cash equivalents are comprised of:		
Cash and bank	9,494,452	9,478,892
Temporary investments	31,355,828	30,017,232
	\$40,850,280	\$39,496,124

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Notes to Financial Statements

1. Temporary Investments

December 31	2007	2006
Unrestricted - money market fund Investments have a market value of \$31,355,828 (2006 - \$30,017,232) at the end of the year and effective interest rates of 3.9% to 4.7%.	\$31,355,828	\$30,017,232

2. Long-term Receivables

December 31	2007	2006
Mortgage receivable The mortgage earns interest at a rate of 5.5%, and is receivable over a period not exceeding 15 years.	\$ 410,580	\$ 436,252

3. Net Long-term Liabilities

December 31	2007	2006
The municipality has assumed responsibility for the payment of principal and interest charges on long-term liabilities issued by other municipalities. Interest rates range from 6.40% to 6.65% with a maturity date of December 2019. At the end of the year, the outstanding principal amount of the liability is:	\$21,474,000	\$22,635,000
The net value of debt retirement funds administered by the Region of Peel, which have accumulated to the end of the year to repay the outstanding long-term liability.	(20,134,289)	(21,832,464)
	\$ 1,339,711	\$ 802,536
Principal payments on long-term liabilities are summarized as follows:	2008 1,236,000	2009 1,316,000
	2010 1,402,000	2011 1,493,000
	2012 1,590,000	2013-2017 9,644,000
	Thereafter 4,793,000	
	\$21,474,000	
The Town's long-term liabilities at the end of the year are expected to be recovered from the following sources:	Debt Retirement funds \$20,134,289	Reserves and reserve funds 1,339,711
	\$21,474,000	

Interest expense in the amount of \$1,491,661 (2006 - \$1,561,967) has been recognized on the Consolidated Statement of Financial Activities. The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

4. Amounts to be Recovered

December 31	2007	2006
Capital outlay financed by long-term liabilities and to be recovered in future years	\$ 1,339,711	\$ 802,536
Change in amounts to be recovered consists of the following:		
Debt principal repayments	\$(1,161,000)	\$(1,230,000)
Contributions to Caledon Debt Retirement Fund	--	(4,000,000)
Repayments of Caledon Hydro Corporation debenture from Caledon Debt Retirement Fund	1,698,175	1,818,610
	\$ 537,175	\$(3,411,390)

5. Taxation

December 31
Property tax billings are prepared by the Town based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). All assessed property values in the Town were reviewed and new values established based on a common valuation date of January 1, 2005, which was used by the Town in computing property tax bills. However, the property tax revenue and taxes receivable of the Town are subject to measurement uncertainty as significant numbers of appeals submitted by ratepayers for adjustments to assessment have yet to be heard. Further, changes to assessed value reflecting new construction is included in supplementary assessments prepared by "MPAC". Any billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region and school boards as appropriate.
The capping provisions of Bill 79 ("The Fairness for Property Taxpayers Act, 1998") expired at the end of 2000. The Province of Ontario subsequently enacted Bill 140 "Continued Protection for Property Taxpayers" which extends the capping provisions of Bill 79. The new legislation limits assessment-related increases in property tax bills to 5 percent annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current value assessment.
Receiving Royal Assent June 17, 2004, and effective for the 2005 or a subsequent taxation year, Bill 83 "Budget Measures Act" raises the annual upper limit of assessment related increases in property tax bills for commercial, industrial and multi-residential property classes. In determining the amount of taxes for municipal and school purposes for the year, the amount of the cap will be based on one of the following:
1) The annual cap is set at 10% of the prior year's annualized capped taxes; and/or,
2) The upper limit on the annual tax increase is the greater of the amount calculated under (1) above, or 5% of the property's prior year's annualized current value assessment (CVA) based tax; and/or,
3) A \$250 threshold is applied to both increasing (capped) properties and decreasing (claw back) properties after application of either (1) and (2) options in order to move all those properties that are within the \$250 threshold to their full CVA based taxes.



6. Other Income

December 31	2007	2007	2006
	Budget (Unaudited)	Actual	Actual
Penalties and interest on taxation	\$ 1,000,000	\$ 1,092,389	\$ 972,892
Investment Income	1,125,267	1,980,242	1,894,117
Rents, concessions and franchises	837,700	724,268	886,481
Donations, contributions and agreements	6,000	1,194,385	946,647
Recovery from other municipalities	10,081,100	57,336	301,762
Sale of land and other assets	225,000	32,598	31,438
Licenses and permits	1,102,800	2,187,866	1,133,980
Provincial Offences Act	1,974,300	2,140,602	1,868,899
Fines	220,000	270,198	256,977
Other	2,524,587	592,108	718,275
	\$19,096,754	\$10,271,992	\$9,011,468

7. Expenditures by Object

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

December 31	2007	2007	2006
	Budget (Unaudited)	Actual	Actual
Salaries, wages and employee benefits	\$22,850,000	\$22,108,990	\$20,567,353
Materials	12,592,500	11,919,298	8,829,408
Contracted Services	2,150,900	2,554,547	3,815,439
Rents and financial expenses	468,100	406,614	518,535
Interest on long-term debt	305,500	814,551	1,158,319
Contributions to other organizations	391,300	556,576	665,614
	\$38,758,300	\$38,360,576	\$35,554,668

8. Pension Agreements

December 31

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 277 employees. This 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. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Municipal Organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2007 was \$1,033,772 (2006 - \$973,530) for current service. The OMERS board rate was 6.5% to 10.7% depending on income level for 2007 (2006 - 6% to 9.8% depending on income level).

Schedule of Capital Fund Operations

For the year ended December 31	2007	2007	2006
	Budget (Unaudited)	Actual	Actual
Revenue			
Ontario Grants	\$ -	\$ 911,169	\$ 34,211
Other Income	12,830,687	1,703,537	1,822,197
Obligatory reserve fund revenue recognized	3,783,131	3,696,670	8,545,210
	16,613,818	6,311,376	10,401,618
Expenditures			
General Government	575,000	227,665	285,222
Protection Services	550,000	514,718	685,656
Transportation Services	23,574,430	5,509,759	6,401,574
Recreation and Cultural Services	5,932,000	7,141,979	5,606,430
	30,631,430	13,394,121	12,978,882
Net expenditures for the year	(14,017,612)	(7,082,745)	(2,577,264)
Net Transfers from other funds			
Transfers from current fund operations	2,355,476	2,458,425	2,584,157
Transfers from reserves and reserve funds	11,662,136	11,976,051	5,830,985
	14,017,612	14,434,476	8,415,142
Change in fund balance for the year	--	7,351,731	5,837,878
Capital Fund, beginning of the year	13,396,925	13,396,925	7,559,047
Capital Fund, end of the year	\$13,396,925	\$20,748,656	\$13,396,925