

**The Corporation of the
Town of South Bruce Peninsula
Financial Statements
For the year ended December 31, 2007**

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For the year ended December 31, 2007**

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Auditors' Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of South Bruce Peninsula**

We have audited the consolidated statement of financial position of the Corporation of the Town of South Bruce Peninsula 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 municipality'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 Corporation of the Town of South Bruce Peninsula as at December 31, 2007 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
February 1, 2008

The Corporation of the Town of South Bruce Peninsula Consolidated Statement of Financial Position

December 31	2007	2006
Assets and Liabilities		
Financial assets		
Cash	\$ 3,680,293	\$ 3,387,767
Taxes receivable	1,060,617	980,905
Trade and other receivables	1,548,819	2,475,010
Inventory held for resale	29,286	23,815
Long-term receivables (Note 1)	4,546	11,899
Other	-	4,745
	6,323,561	6,884,141
Liabilities		
Temporary borrowings (Note 2)	2,000,000	2,000,000
Accounts payable and accrued liabilities	840,362	997,752
Solid waste landfill closure and post-closure liabilities (Note 3)	67,343	67,343
Post-employment benefits liabilities	3,689	5,589
Deferred revenue (Page 16)	98,346	55,226
Net long-term liabilities and capital lease obligations (Note 4)	1,372,171	1,181,246
	4,381,911	4,307,156
Net financial assets	\$ 1,941,650	\$ 2,576,985
Municipal Position		
Municipal position		
Current fund (Page 17)	\$ 157,978	\$ 362,535
Capital fund (Page 18)	(2,024,351)	(1,393,659)
Reserves and reserve funds (Page 19)	5,242,990	4,851,199
	3,376,617	3,820,075
Amounts to be recovered (Note 5)	(1,434,967)	(1,243,090)
	\$ 1,941,650	\$ 2,576,985

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of South Bruce Peninsula Consolidated Statement of Financial Activities

For the year ended December 31	2007	2007	2006
	Budget	Actual	Actual
Revenue			
Taxation	\$ 6,251,367	\$ 6,291,527	\$ 6,290,205
Fees and user charges	2,520,256	2,771,072	2,587,284
Canada grants	105,155	107,045	80,427
Ontario grants	1,754,520	2,479,150	3,633,731
Municipal grants	90,551	91,355	143,447
Other income (Note 6)	1,458,410	1,698,933	1,109,250
Obligatory reserve fund revenue recognized	-	-	85,000
	<u>12,180,259</u>	<u>13,439,082</u>	<u>13,929,344</u>
Expenditures			
Current (Note 7)			
General government	1,252,694	1,267,791	1,198,395
Protection services	2,722,649	2,711,212	2,635,722
Transportation services	2,664,472	2,807,703	2,663,157
Environmental services	2,028,005	2,047,346	2,146,033
Health services	144,145	160,524	155,782
Recreation and cultural services	870,875	806,764	775,421
Planning and development	192,267	195,362	229,730
	<u>9,875,107</u>	<u>9,996,702</u>	<u>9,804,240</u>
Capital			
General government	382,000	359,935	316,252
Protection services	425,500	497,955	391,345
Transportation services	1,577,854	1,638,429	1,234,849
Environmental services	327,850	1,313,650	2,733,997
Health services	-	995	-
Recreational and cultural services	301,000	266,410	250,990
	<u>3,014,204</u>	<u>4,077,374</u>	<u>4,927,433</u>
Total expenditures	<u>12,889,311</u>	<u>14,074,076</u>	<u>14,731,673</u>
Net expenditures for the year	(709,052)	(634,994)	(802,329)
Restatement of opening fund balances (Note 8)	-	(341)	1,288
	<u>(709,052)</u>	<u>(635,335)</u>	<u>(801,041)</u>
Change in amounts to be recovered			
New debt issued	212,000	244,165	-
Debt principal repayments	(63,788)	(52,288)	(228,788)
	<u>148,212</u>	<u>191,877</u>	<u>(228,788)</u>
Change in fund balances for the year	<u>\$ (560,840)</u>	<u>\$ (443,458)</u>	<u>\$ (1,029,829)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of South Bruce Peninsula Consolidated Statement of Changes in Financial Position

For the year ended December 31	2007	2006
Cash provided by (used in)		
Operating activities		
Net expenditures for the year	\$ (634,994)	\$ (802,329)
Items not involving cash		
Restatement of opening fund balances (Note 8)	(341)	1,288
Change in post-employment benefits liabilities	(1,900)	(1,900)
	<u>(637,235)</u>	<u>(802,941)</u>
Changes in non-cash working capital balances		
Taxes receivable	(79,711)	175,694
Trade and other receivables	926,191	(745,001)
Inventory held for resale	(5,471)	4,570
Other	4,745	(1,400)
Accounts payable and accrued liabilities	(157,390)	249,221
Deferred revenue	43,120	(82,204)
	<u>731,484</u>	<u>(399,120)</u>
	<u>94,249</u>	<u>(1,202,061)</u>
Investing activities		
Decrease in long-term receivables	<u>7,353</u>	6,003
Financing activities		
Increase in temporary borrowings	-	2,000,000
Advances of long-term liabilities	244,165	-
Repayment of long-term liabilities	(53,241)	(229,671)
	<u>190,924</u>	<u>1,770,329</u>
Net change in cash	292,526	574,271
Cash, beginning of year	<u>3,387,767</u>	<u>2,813,496</u>
Cash, end of year	<u>\$ 3,680,293</u>	<u>\$ 3,387,767</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of South Bruce Peninsula

Summary of Significant Accounting Policies

December 31, 2007

Management Responsibility

The consolidated financial statements of the Corporation of the Town of South Bruce Peninsula are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following local board owned or controlled by Council has been consolidated:

Warton Business Improvement Area

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Airport Joint Municipal Service Board	50%
Bruce Area Solid Waste Recycling	22%

The Corporation of the Town of South Bruce Peninsula

Summary of Significant Accounting Policies

December 31, 2007

Basis of Accounting	<p>Revenues 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 receipt of goods or services and the creation of a legal obligation to pay.</p> <p>The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>
Temporary Investments	<p>Temporary investments are recorded at the lower of cost and market value.</p>
Inventory	<p>Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the last-in, first-out basis.</p>
Capital Assets	<p>The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.</p>
Deferred Revenue	<p>Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.</p>
Amounts to be Recovered	<p>Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmatured long-term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.</p>
County and School Board	<p>The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.</p>

The Corporation of the Town of South Bruce Peninsula Summary of Significant Accounting Policies

December 31, 2007

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

The Corporation of the Town of South Bruce Peninsula

Notes to Financial Statements

December 31, 2007

1. Long-term Receivables

	<u>2007</u>	2006
Tile drainage loans, 8%, annual payments of \$1,401 principal and interest, due in 2011	\$ 4,546	\$ 5,499
Water and sewer loans, at 8%, various repayments and due dates	-	6,400
	<u>\$ 4,546</u>	<u>\$ 11,899</u>

2. Temporary Borrowings

The municipality has borrowed funds from the RBC Financial Group in order to finance the Amabel Water System capital improvements. Interest is payable monthly and calculated at Royal Bank prime minus 0.50%. Once the project has been completed, long-term financing will replace the interim financing. At December 31, 2007, the municipality had undrawn credit capacity under this facility of approximately \$6,500,000.

3. Solid Waste Landfill Closure and Post-Closure Liabilities

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the Amabel landfill site is recorded at \$32,948 and represents the present value of closure and post-closure costs for 63% of the current site's opened cells, using the Government of Canada's average long-term borrowing rate of 6%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$61,717 leaving an amount to be recognized of \$28,769. The estimated remaining capacity of the site's opened cells is approximately 192,500 cubic metres, which will be filled in 19 years. Post-closure care is estimated to continue for a period of 20 years.

The liability for the Albemarle landfill site is recorded at \$34,395 and represents the present value of closure and post-closure costs for 65% of the current site's opened cells, using the Government of Canada's average long-term borrowing rate of 6%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$53,229 leaving an amount to be recognized of \$18,834. The estimated remaining capacity of the site's opened cells are approximately 23,000 cubic metres, which will be filled in 21 years. Post-closure care is estimated to continue for a period of 20 years.

The liabilities are expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The Corporation of the Town of South Bruce Peninsula

Notes to Financial Statements

December 31, 2007

4. Long-Term Liabilities and Capital Lease Obligations

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2007	2006
Loan payable, OSIFA, 2.93%, due 2024	\$ 1,123,460	\$ 1,175,747
Tile drainage loans payable, 8%, due 2011	4,546	5,499
Capital lease payable, Mine Safety Appliances Company 0%, due 2016	114,690	-
Capital lease payable, JJ MacKay Canada Limited, 0%, due 2009	129,475	-
	\$ 1,372,171	\$ 1,181,246

Principal and lease payments for the next five fiscal years and thereafter are as follows

	Principal		Lease payments
2008	\$ 54,860		\$ 84,888
2009	\$ 56,531		\$ 70,073
2010	\$ 58,256		\$ 12,743
2011	\$ 60,036		\$ 12,743
2012	\$ 60,472		\$ 12,743
Thereafter	\$ 837,851		\$ 50,975

Total interest charges on long term debt for the year reported on the Consolidated Statement of Financial Activities are \$34,517 (2006 - \$118,341). There was no interest paid on the capital lease obligations.

5. Amounts to be recovered

	2007	2006
Capital outlay financed by long-term liabilities and to be recovered in future years	\$ 1,367,624	\$ 1,175,747
Landfill closure and post-closure costs to be recovered	67,343	67,343
	\$ 1,434,967	\$ 1,243,090

The Corporation of the Town of South Bruce Peninsula Notes to Financial Statements

December 31, 2007

6. Other Income

	2007	2007	2006
	Budget	Actual	Actual
Penalties and interest	\$ 191,600	\$ 191,451	\$ 199,033
Other fines and penalties	54,000	54,023	54,008
Investment income	107,500	254,481	231,549
Licenses, permits and rents	465,960	548,727	459,823
Donations	15,250	15,422	31,941
Prepaid special charges	75,000	75,000	-
Sale of publications, mementos, etc.	8,400	3,031	6,143
Sale of land, equipment and other assets	530,000	544,607	31,557
Other	10,700	12,191	95,196
	\$ 1,458,410	\$ 1,698,933	\$ 1,109,250

7. Expenditures by Object

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

	2007	2006
Salaries, wages and employee benefits	\$ 3,087,479	\$ 2,948,973
Materials	3,063,110	3,164,132
Contracted services	3,329,188	3,178,201
Rents and financial expenses	144,382	142,251
Interest on long-term debt	34,269	55,841
Contributions to other organizations	338,274	314,842
	\$ 9,996,702	\$ 9,804,240

8. Change in Opening Fund Balances

During the year, the Town's share of the Bruce Area Solid Waste Recycling changed from 21.93% to 21.89%. The prospective application of this change resulted in an decrease in net revenue for the year of \$155 and a decrease in the opening reserves balance of \$341.

The amounts presented for comparative purposes have not been restated to reflect the above.

The Corporation of the Town of South Bruce Peninsula

Notes to Financial Statements

December 31, 2007

9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 38 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2007 by the municipality was \$111,599 (2006 - \$119,604). The contribution rate for 2006 was 6.5% to 10.7% depending on age and income level (2005 - 6% to 9.8%).

OMERS is a multi-employer plan, therefore 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 plan has reported a \$2.4 billion actuarial deficit at the end of 2006 (2005 - \$2.8 billion), based on actuarial liabilities of \$44.2 billion (2005 - \$41.1 billion) and actuarial assets of \$41.8 billion (2005 - \$38.3 billion).

10. Operations of School Boards and the County of Bruce

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Bruce:

	<u>2007</u>	<u>2006</u>
School boards	\$ 3,606,903	\$ 3,572,115
County of Bruce	5,206,818	4,918,363
	<u>\$ 8,813,721</u>	<u>\$ 8,490,478</u>

11. Subsequent Event

On December 9, 2002 the Town of South Bruce Peninsula and the Township of Georgian Bluffs signed an agreement to form a joint municipal service board to operate and maintain the Warton/Keppel District Airport. The Town of South Bruce Peninsula and the Township of Georgian Bluffs have each agreed to share budgeted operating deficits equally. On December 24, 2007 the Town of South Bruce Peninsula notified the Township of Georgian Bluffs of their intention to terminate the agreement. The termination will be effective January 1, 2009.

The Township of Georgian Bluffs has registered a Notice of Claim against the title of the Airport lands and premises. The outcome of this claim is undeterminable at the present time.

The Corporation of the Town of South Bruce Peninsula

Notes to Financial Statements

December 31, 2007

12. Contractual Commitments

- a) The Town of South Bruce Peninsula has entered into a multi-year agreement for collection and removal of residential and commercial refuse. Under this agreement the Town of South Bruce Peninsula has agreed to pay an annual fee of \$316,510 plus GST, with inflation adjustments, until December 31, 2008.
 - b) The Town of South Bruce Peninsula has signed a multi-year agreement with the Ontario Clean Water Agency for the operation, management and maintenance of its water and sewage systems until December 31, 2008. The cost to the municipality is estimated to be \$527,794 over the next year.
 - c) The Town of South Bruce Peninsula has signed a multi-year agreement for the provision of animal control, paid parking and by-law enforcement services until March 31, 2011. The cost to the municipality will be \$96,673.40 for the period April 1st, 2007 to March 1st, 2008 with a 2% increase in each of year two, three and four.
 - d) The Warton Keppel District Airport Joint Municipal Service Board has entered into an agreement to have the Airport managed for an annual fee of \$86,500 per year plus inflation, from August 1, 2006 to December 31, 2009.
 - e) In 2001, The Ministry of the Environment mandated improvements to the water systems in the Town of South Bruce Peninsula. The estimated costs of these improvements is \$8,474,240. Total costs of \$5,808,569 have been incurred to date on the water system improvements. At December 31, 2007, contracts of approximately \$3,237,095 were in progress, of which \$3,167,483 of the contracted work had been completed. The municipality has applied to the Province of Ontario for OSTAR funding to cover 2/3rds of the cost.
 - f) In December 2005, the Town of South Bruce Peninsula purchased the easterly portion of the former Warton District High School property for \$300,000. The Town purchased the westerly portion for \$300,000 in March, 2007. The Town accepted an offer to purchase the easterly portion for \$80,000 with an option expiring in March 2008 for the vendor to purchase the westerly portion for \$150,000.
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The Corporation of the Town of South Bruce Peninsula

Notes to Financial Statements

December 31, 2007

13. Contingencies

- a) Several lower tier municipalities on the Bruce Peninsula, including the Town of South Bruce Peninsula, have been named as defendants in a land claim action filed by the Chippewas of Saugeen and Nawash, for damages alleged to total \$92,000,000,000. Also joined as defendants in the action are the Counties of Bruce and Grey, the Province of Ontario and the Dominion of Canada. No breakdown as to each municipalities' relative share of the \$92,000,000,000 has been provided. The likelihood of the success of this action is undeterminable at the present time.
 - b) A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.
 - c) A number of applications for property tax rebates for vacant commercial and industrial buildings are currently in process. The impact on taxation revenue as a result of these rebates is not determinable at this time. The effect on taxation of these rebates will be recorded in the fiscal year in which they can be determined.
 - d) The Ontario Provincial Policing 2007 adjustment to actual cost has not yet been received and is not determinable at this time. The effect on operating expenditures, if any, will be recorded in the fiscal year in which adjustments are determined.
-

14. Trust Funds

The trust funds administered by the municipality amounting to \$238,017 (2006 - \$238,084) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

15. Tangible Capital Assets

For the year ended December 31, 2009 the Board will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. No major categories have been completed as at December 31, 2007.

**The Corporation of the Town of South Bruce Peninsula
Schedule of Deferred Revenue**

For the year ended December 31 2007

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Lot levies	\$ 38,224	\$ -	\$ 1,634	\$ -	\$ 39,858
Recreational land	8,439	-	364	-	8,803
Parking revenues	8,563	722	400	-	9,685
	55,226	722	2,398	-	58,346
Other					
Ontario Trillium Grant	-	40,000	-	-	40,000
	\$ 55,226	\$ 40,722	\$ 2,398	\$ -	\$ 98,346

The Corporation of the Town of South Bruce Peninsula Schedule of Current Fund Operations

For the year ended December 31	2007 Budget	2007 Actual	2006 Actual
Revenue			
Taxation	\$ 6,251,367	\$ 6,291,527	\$ 6,290,205
Fees and user charges	2,520,256	2,771,072	2,587,284
Canada grants	-	1,890	1,552
Ontario grants	1,527,520	1,551,951	1,814,953
Municipal grants	90,551	89,355	112,274
Other	1,383,410	1,037,539	1,033,936
	<u>11,773,104</u>	<u>11,743,334</u>	<u>11,840,204</u>
Expenditures			
General government	1,252,693	1,267,791	1,198,395
Protection services	2,722,649	2,711,212	2,635,722
Transportation services	2,664,472	2,807,703	2,663,157
Environmental services	2,028,005	2,047,346	2,146,033
Health services	144,145	160,524	155,782
Recreation and cultural services	870,875	806,764	775,421
Planning and development	192,267	195,362	229,730
	<u>9,875,106</u>	<u>9,996,702</u>	<u>9,804,240</u>
Net revenues for the year	<u>1,897,998</u>	<u>1,746,632</u>	<u>2,035,964</u>
Financing and transfers			
Debt principal repayments	(63,788)	(52,288)	(228,788)
Transfers to capital fund operations	(1,411,702)	(753,639)	(1,292,453)
Transfers to reserves and reserve funds	(785,043)	(1,145,262)	(433,539)
	<u>(2,260,533)</u>	<u>(1,951,189)</u>	<u>(1,954,780)</u>
Change in fund balance for the year	(362,535)	(204,557)	81,184
Current fund, beginning of the year	<u>362,535</u>	<u>362,535</u>	<u>281,351</u>
Current fund, end of the year	\$ -	\$ 157,978	\$ 362,535

Analyzed as follows:

Available to offset future revenue requirements:

General area taxation	\$ 156,354	\$ 334,091
Business improvement area	(2,584)	13,634
Other	<u>4,208</u>	<u>14,810</u>
	<u>\$ 157,978</u>	<u>\$ 362,535</u>

The Corporation of the Town of South Bruce Peninsula Schedule of Capital Fund Operations

For the year ended December 31	2007 Budget	2007 Actual	2006 Actual
Revenue			
Canada grants	\$ 105,155	\$ 105,155	\$ 78,875
Ontario grants	227,000	927,199	1,818,778
Municipal grants	-	2,000	31,173
Other	75,000	604,000	18,969
Obligatory reserve fund revenue recognized	-	-	85,000
	407,155	1,638,354	2,032,795
Expenditures			
General government	382,000	359,935	316,252
Protection services	425,500	497,955	391,345
Transportation services	1,577,854	1,638,429	1,234,849
Environmental services	327,850	1,313,650	2,733,997
Health services	-	995	-
Recreation and cultural services	301,000	266,410	250,990
	3,014,204	4,077,374	4,927,433
Net expenditures for the year	(2,607,049)	(2,439,020)	(2,894,638)
Financing and transfers			
New debt issued	212,000	244,165	-
Transfers from current fund operations	1,411,702	753,639	1,292,453
Transfers from reserves and reserve funds	1,008,348	810,524	776,918
	2,632,050	1,808,328	2,069,371
Change in fund balance for the year	25,001	(630,692)	(825,267)
Capital fund, beginning of the year	(1,393,659)	(1,393,659)	(568,392)
Capital fund, end of the year	\$ (1,368,658)	\$ (2,024,351)	\$ (1,393,659)

**The Corporation of the Town of South Bruce Peninsula
Schedule of Reserves and Reserve Funds**

For the year ended December 31	2007 Budget	2007 Actual	2006 Actual
Revenue			
Other revenue	\$ -	\$ 57,394	\$ 56,345
Net transfers from (to) other funds			
Transfer from current fund operations	785,043	1,145,262	433,539
Transfer to capital fund operations	(1,008,348)	(810,524)	(776,918)
	<u>(223,305)</u>	<u>334,738</u>	<u>(343,379)</u>
Change in balance for the year	(223,305)	392,132	(287,034)
Restatement of opening reserves (Note 8)	-	(341)	1,288
	<u>(223,305)</u>	<u>391,791</u>	<u>(285,746)</u>
Reserves and reserve funds, beginning of the year	4,851,199	4,851,199	5,136,945
Reserves and reserve funds, end of the year	\$ 4,627,894	\$ 5,242,990	\$ 4,851,199
Analyzed as follows:			
Reserves set aside for specific purpose by Council:			
Working funds	\$ 1,792,049	\$ 2,250,912	
Insurance, sick leave and WSIB	274,647	230,137	
Current purposes	1,025,232	292,508	
Capital purposes	448,781	737,831	
	<u>3,540,709</u>	<u>3,511,388</u>	
Reserve funds set aside for specific purpose by Council:			
Capital purposes	1,702,281	1,339,811	
Reserves and reserve funds, end of the year	\$ 5,242,990	\$ 4,851,199	

**The Corporation of the
Town of South Bruce Peninsula
Trust Funds
Financial Statements
For the year ended December 31, 2007**



BDO Dunwoody LLP
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1717 2nd Avenue East
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Auditors' Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of South Bruce Peninsula**

We have audited the balance sheet of the trust funds of the Corporation of the Town of South Bruce Peninsula 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 Town'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 Corporation of the Town of South Bruce Peninsula 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.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
February 1, 2008

**The Corporation of the Town of South Bruce Peninsula
Trust Funds
Balance Sheet**

December 31, 2007

Assets	Total	Ontario Home Renewal Program	Cemetery Care and Maintenance
Cash	\$ 150,762	\$ 2,698	\$ 148,064
Investments (Note 3)	85,418	-	85,418
Loans receivable (Note 2)	5,064	5,064	-
	\$ 241,244	\$ 7,762	\$ 233,482
Liabilities			
Due to Town of South Bruce Peninsula	\$ 529	\$ -	\$ 529
Due to Province of Ontario	2,698	2,698	-
	3,227	2,698	529
Fund balance	238,017	5,064	232,953
	\$ 241,244	\$ 7,762	\$ 233,482

Statement of Continuity

For the year ended December 31, 2007

	Total	Ontario Home Renewal Program	Cemetery Care and Maintenance
Balance, beginning of the year	\$ 238,084	\$ 12,631	\$ 225,453
Receipts			
Interest earned	174	174	-
Plot sales	7,500	-	7,500
	7,674	174	7,500
Expenditures			
Administration fees	269	269	-
Transfer to Province of Ontario	2,698	2,698	-
Loans written off	4,774	4,774	-
	7,741	7,741	-
Balance, end of the year	\$ 238,017	\$ 5,064	\$ 232,953

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Town of South Bruce Peninsula
Trust Funds
Notes to Financial Statements**

December 31, 2007

1. Summary of Significant Accounting Policies

Management Responsibility	The consolidated financial statements of the Corporation of the Town of South Bruce Peninsula Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.
Accrual 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 receipt of goods or services and the creation of a legal obligation to pay.
Capital Assets	The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are recorded as an expenditure on the statement of continuity in the year of acquisition.

**The Corporation of the Town of South Bruce Peninsula
Trust Funds
Notes to Financial Statements**

December 31, 2007

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 were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2007 comprise repayable loans of \$5,064 (2006 - \$12,631).

As of July 16, 1993 the Ontario Home Renewal Program was discontinued and municipalities were prohibited from issuing further loans as of that date. All OHRP funds held in municipal trust accounts as of December 31, 1993 were remitted to the Province by March 1, 1994. Any loans receivable under the program which are collected subsequent to December 31, 1993 were remitted to the Province by March 1 of the following year. However, municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.

3. Investments

The total investments of \$85,418 (2006 - \$85,309) reported on the Balance Sheet at cost have a market value of \$85,418 (2006 - \$85,309) at the end of the year.

**Warton Business Improvement Area
Financial Statements
For the year ended December 31, 2007**



BDO Dunwoody LLP
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Auditors' Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of South Bruce Peninsula and the
Board of Management of the Warton Business Improvement Area**

We have audited the statement of financial position of the Warton Business Improvement Area as at December 31, 2007 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the municipality'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 Warton Business Improvement Area as at December 31, 2007 and the results of its financial activities for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
February 1, 2008

**Warton Business Improvement Area
Statement of Financial Position**

December 31	2007	2006
Assets		
Financial assets		
Due from Town of South Bruce Peninsula	\$ 6,736	\$ 22,954
Liabilities		
Loan payable - Town of South Bruce Peninsula (Note 1)	<u>90,000</u>	115,000
	\$ (83,264)	\$ (92,046)
Municipal Position		
Municipal position		
Current fund	\$ (2,584)	\$ 13,634
Capital fund (Note 2)	(90,000)	(115,000)
Reserves (Note 3)	<u>9,320</u>	9,320
	\$ (83,264)	\$ (92,046)

Warton Business Improvement Area Statement of Financial Activities

For the year ended December 31	2007	2007	2006
	Budget	Actual	Actual
Revenue			
Taxation	\$ 25,000	\$ 25,000	\$ 24,987
Other	5,000	5,125	2,513
Contribution from Chamber of Commerce	-	-	15,000
	30,000	30,125	42,500
Expenditures			
Donation to Chamber of Commerce	12,000	11,640	11,580
Promotion	6,634	9,703	5,010
Capital project - streetlighting	-	-	130,000
	18,634	21,343	146,590
Change in amounts to be recovered			
Debt principal repayments	25,000	25,000	-
Change in fund balance for the year	\$ (13,634)	\$ (16,218)	\$ (104,090)

Warton Business Improvement Area Summary of Significant Accounting Policies

December 31, 2007

Management Responsibility

The financial statements of the Warton Business Improvement Area are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The Warton Business Improvement Area has been consolidated with the financial statements of The Corporation of the Town of South Bruce Peninsula.

Basis of Accounting

Revenues 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 receipt of goods or services and the creation of a legal obligation to pay.

The statement of financial position reflects all of the financial assets and liabilities of the Warton Business Improvement Area. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Warton Business Improvement Area, and is the difference between its assets and liabilities. This provides information about the Warton Business Improvement Area's overall future revenue requirements and its ability to finance activities and meet its obligations.

Warton Business Improvement Area Summary of Significant Accounting Policies

December 31, 2007

1. Long-Term Liabilities

The Business Improvement Area has borrowed \$130,000 from the Town of South Bruce Peninsula to pay for its share of the cost of a streetlighting capital project. The loan is non-interest bearing and will be repaid within ten years.

2. Capital Fund

	<u>2007</u>	<u>2006</u>
Capital fund, beginning of the year	\$ (115,000)	\$ -
Contribution from Chamber of Commerce	-	15,000
Capital expenditures	-	(130,000)
Debt repayment	<u>25,000</u>	-
Capital fund, end of the year	<u>\$ (90,000)</u>	<u>\$ (115,000)</u>

3. Reserves

	<u>2007</u>	<u>2006</u>
Reserves, end of the year	<u>\$ 9,320</u>	<u>\$ 9,320</u>

**Warton Keppel District Airport
Joint Municipal Service Board
Financial Statements
For the year ended December 31, 2007**

Warton Keppel District Airport Joint Municipal Service Board
Financial Statements
For the year ended December 31, 2007

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Auditors' Report

**To the Commissioners of the
Warton Keppel District Airport Joint Municipal Service Board**

We have audited the statement of financial position of the Warton Keppel District Airport Joint Municipal Service Board as at December 31, 2007 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission'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 Warton Keppel District Airport Joint Municipal Service Board as at December 31, 2007 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
January 23, 2008

**Warton Keppel District Airport Joint Municipal Service Board
Statement of Financial Position**

December 31	2007	2006
Assets		
Financial assets		
Cash	\$ 150	\$ 150
Trade and other receivables	11,392	2,353
Inventory held for resale	30,913	20,291
Due from supporting municipalities	-	34,842
	\$ 42,455	\$ 57,636
Liabilities and Municipal Position		
Liabilities		
Accounts payable and accrued liabilities	\$ 9,359	\$ 8,016
Due to supporting municipalities	4,680	-
	14,039	8,016
Municipal position		
Current fund	8,416	29,620
Reserves (Note 1)	20,000	20,000
	28,416	49,620
	\$ 42,455	\$ 57,636

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Warton Keppel District Airport Joint Municipal Service Board Statement of Financial Activities

For the year ended December 31	2007	2007	2006
	Budget	Actual	Actual
Revenue			
Contributions from municipalities			
Town of South Bruce Peninsula	\$ 76,516	\$ 76,516	\$ 76,201
Township of Georgian Bluffs	76,516	76,516	76,201
Sale of fuel	100,000	105,258	123,348
Land leases and rentals	31,500	39,150	50,023
Landing fees and parking	1,800	3,614	3,732
Other income	500	1,424	444
	286,832	302,478	329,949
Expenditures			
Current			
Advertising	1,500	1,539	677
Audit fees	2,000	2,200	1,750
Fuel	80,000	84,035	100,431
Insurance	11,000	7,527	9,884
Maintenance and repairs	17,500	28,926	18,761
Management contract	88,230	88,230	82,448
Miscellaneous	1,500	1,158	1,481
Office, administration and telephone	13,413	14,750	13,396
Property taxes	3,000	3,368	2,847
Utilities	27,800	32,454	33,286
Vehicle expense - fuel	8,800	9,018	7,560
	254,743	273,205	272,521
Capital			
Capital projects	81,708	50,477	53,294
	336,451	323,682	325,815
Change in fund balances for the year	\$ (49,619)	\$ (21,204)	\$ 4,134

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Warton Keppel District Airport Joint Municipal Service Board
Statement of Changes in Financial Position**

For the year ended December 31	2007	2006
Cash provided by (used in)		
Operating activities		
Net revenue (expenditures) for the year	\$ (21,204)	\$ 4,134
Changes in non-cash working capital balances		
Trade and other receivables	(9,039)	(720)
Due from supporting municipalities	34,842	(15,763)
Inventory held for resale	(10,622)	9,075
Accounts payable and accrued liabilities	1,343	3,274
Due to supporting municipalities	4,680	-
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	150	150
Cash and cash equivalents, end of year	\$ 150	\$ 150

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Warton Keppel District Airport Joint Municipal Service Board Summary of Significant Accounting Policies

December 31, 2007

Management Responsibility

The financial statements of the Warton Keppel District Airport Joint Municipal Service Board are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The Warton Keppel District Airport Joint Municipal Service Board has been proportionately consolidated with the financial statements of The Corporation of the Town of South Bruce Peninsula and the Corporation of the Township of Georgian Bluffs.

Basis of Accounting

Revenues 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 receipt of goods or services and the creation of a legal obligation to pay.

The statement of financial position reflects all of the financial assets and liabilities of the Warton Keppel District Airport Joint Municipal Service Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Warton Keppel District Airport Joint Municipal Service Board, and is the difference between its assets and liabilities. This provides information about the Warton Keppel District Airport Joint Municipal Service Board's overall future revenue requirements and its ability to finance activities and meet its obligations.

Inventory

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the last-in, first-out basis.

Warton Keppel District Airport Joint Municipal Service Board Summary of Significant Accounting Policies

December 31, 2007

Capital Assets

The historical cost and accumulated amortization of 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.

Warton Keppel District Airport Joint Municipal Service Board Notes to Financial Statements

December 31, 2007

1. Reserves

	2007	2006
Reserves, beginning of the year	\$ 20,000	\$ -
Transfers from the current fund	-	20,000
Reserves, end of the year	\$ 20,000	\$ 20,000

The reserves at the end of the year are comprised of the following:

	2007	2006
Terminal building roof replacement	\$ 20,000	\$ 20,000

2. Agreement

On December 9, 2002 the Town of South Bruce Peninsula and the Township of Georgian Bluffs signed an agreement to form a joint municipal service board to operate and maintain the Warton/Keppel District Airport. The Town of South Bruce Peninsula and the Township of Georgian Bluffs have each agreed to share budgeted operating deficits equally. This agreement shall remain in force until termination by either party. Termination will be deemed to be effective on January 1st of the year following delivery of written notice of termination by one party to the other party. On December 24, 2007 the Town of South Bruce Peninsula notified the Township of Georgian Bluffs of their intention to terminate the agreement. The termination will be effective January 1, 2009.

The Township of Georgian Bluffs has registered a Notice of Claim against the title of the Airport lands and premises. The outcome of this claim is undeterminable at the present time.

3. Commitments

The Warton Keppel District Airport Joint Municipal Service Board has entered into an agreement to have the Airport managed for an annual fee of \$86,500 per year plus inflation, from August 1, 2006 to December 31, 2009.

Warton Keppel District Airport Joint Municipal Service Board

Notes to Financial Statements

December 31, 2007

4. Tangible Capital Assets

For the year ended December 31, 2009 the Board will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. No major categories have been completed as at December 31, 2007.
