

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

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Corporation of the Township of Essa
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THE CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2007

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Essa are the responsibility of management and have been approved by Council.

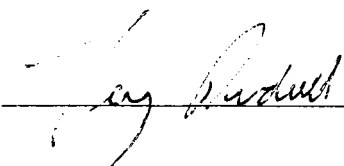
The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

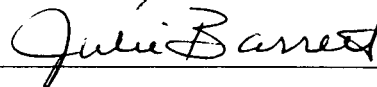
The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Essa. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawartha LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Collins Barrow Kawartha LLP has full and free access to Council.

Deputy Mayor 

Date Sept 17 2008

Treasurer 

Date Sept . 17 2008

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the consolidated statement of financial position of the Corporation of the Township of Essa 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 as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
May 1, 2008

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2007

	2007 \$	2006 \$
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments	8,430,334	5,376,828
Taxes receivable	1,411,987	1,290,753
Trade and other receivables	1,687,147	2,395,739
Other assets	5,069	4,348
Long term receivables (Note 3)	298,330	350,136
TOTAL ASSETS	11,832,867	9,417,804
LIABILITIES AND MUNICIPAL POSITION		
LIABILITIES		
Temporary advances (Note 4)	1,423,539	165,994
Accounts payable and accrued liabilities	2,094,026	1,579,812
Other liabilities	519,405	682,402
Deferred revenue - other	425,035	372,564
Deferred revenue - obligatory reserve funds (Note 5)	3,697,206	4,227,620
Employee future benefits payable (Note 6)	463,793	385,116
Long term debt (Note 7)	8,291,142	8,641,523
TOTAL LIABILITIES	16,914,146	16,055,031
MUNICIPAL POSITION		
Fund Balances (Note 8)		
Current fund	799,804	304,738
Capital fund	(5,532,821)	(5,117,857)
Reserves and reserve funds (see Schedule page 17)	8,406,673	7,202,531
	3,673,656	2,389,412
Amounts To Be Recovered (Note 10)	(8,754,935)	(9,026,639)
TOTAL MUNICIPAL POSITION	(5,081,279)	(6,637,227)
TOTAL LIABILITIES AND MUNICIPAL POSITION	11,832,867	9,417,804

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2007

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
REVENUES			
Taxation	6,780,658	6,764,767	6,644,949
User charges	3,225,374	3,462,396	3,325,849
Province of Ontario	1,938,537	1,616,596	2,086,593
Government of Canada	1,056,884	777,682	18,966
Other municipalities	134,861	250,331	287,780
Penalties and interest on taxes	170,000	189,521	169,683
Investment income	224,659	424,721	412,535
Development charges earned	972,766	3,129,671	1,984,448
Sale of land	678,000	589,000	230,565
Donations and other capital receipts	-	53,833	45,518
TOTAL REVENUES	15,181,739	17,258,518	15,206,886
EXPENDITURES			
General government	1,052,854	1,035,583	1,006,899
Protection services	3,265,208	3,167,957	3,175,991
Transportation services	5,915,151	4,933,514	4,426,921
Environmental services	5,613,815	4,287,569	7,541,502
Social and family services	16,287	30,242	14,143
Recreation and cultural services	1,929,828	1,993,539	2,396,492
Planning and development	279,364	254,166	281,210
TOTAL EXPENDITURES	18,072,507	15,702,570	18,843,158
NET REVENUES/(EXPENDITURES)	(2,890,768)	1,555,948	(3,636,272)
INCREASE (DECREASE) IN AMOUNTS TO BE RECOVERED			
Long term debt issued	-	-	5,029,500
Long term debt repaid	(350,381)	(350,381)	(287,117)
Employee future benefits payable	-	78,677	(17,826)
	(350,381)	(271,704)	4,724,557
INCREASE (DECREASE) IN FUND BALANCES	(3,241,149)	1,284,244	1,088,285
OPENING FUND BALANCES	2,389,412	2,389,412	1,301,127
CLOSING FUND BALANCES	(851,737)	3,673,656	2,389,412

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2007

	2007 \$	2006 \$
OPERATIONS		
Net revenues/(expenditures)	1,555,948	(3,636,272)
Sources (Uses):		
(Increase) in taxes receivable	(121,234)	(177,443)
(Increase) decrease in trade and other receivables	708,592	(140,733)
(Increase) in other assets	(721)	(1,448)
Decrease in long term receivables	51,806	86,054
Increase (decrease) in accounts payable and accrued liabilities	514,214	(558,439)
Increase (decrease) in other liabilities	(162,997)	193,801
Increase in deferred revenue - other	52,471	83,430
Increase (decrease) in deferred revenue - obligatory reserve funds	(530,414)	635,874
Increase (decrease) in employee future benefits payable	78,677	(17,826)
Net increase (decrease) in cash from operations	2,146,342	(3,533,002)
FINANCING		
Long term debt issued	-	5,029,500
Long term debt repaid	(350,381)	(287,117)
	(350,381)	4,742,383
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,795,961	1,209,381
OPENING CASH AND CASH EQUIVALENTS	5,210,834	4,001,453
CLOSING CASH AND CASH EQUIVALENTS	7,006,795	5,210,834
REPRESENTED BY:		
Cash and temporary investments	8,430,334	5,376,828
Temporary advances	(1,423,539)	(165,994)
	7,006,795	5,210,834

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2007**

The Township of Essa is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures and fund balances 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 and controlled by the Township. These financial statements include:

- . Essa Public Library Board (formerly Centennial Public Library Board)
- . Angus Business Improvement Area Board

All interfund assets and liabilities and revenues and expenditures are eliminated.

Fund Accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Recognition of Revenues and Expenditures

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 and services and the creation of a legal obligation to pay.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Consolidated Statement of Financial Activities in the period incurred.

Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

CORPORATION OF THE TOWNSHIP OF ESSA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2007**

1. SIGNIFICANT ACCOUNTING POLICIES - (Continued)**Deferred Revenue**

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Township upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as allowance for doubtful accounts. These estimates and assumptions 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 revenue and expenditures during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

Financial Instruments

The Township's financial instruments consist of cash and temporary investments, taxes receivable, trade and other receivables, long term receivables, accounts payable and accrued liabilities, long term debt and temporary advances. The Township's temporary advances are at a variable rate of interest and as such represent a credit risk to the Township should interest rates fluctuate. The Township does not have any other significant concentration of currency or credit risks.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2007

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2007, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	4,513,484	3,690,127
Taxation from other governments	386,509	766,736
Amount requisitioned and remitted	4,899,993	4,456,863

These amounts have not been included in the Consolidated Statement of Financial Activities.

3. LONG TERM RECEIVABLES

Long term receivables consist of the following:

	2007 \$	2006 \$
Note receivable, repayable in blended annual payments of \$38,057, including principal and interest at 5.5%, secured by a mortgage on real estate, maturing December 24, 2016.	223,121	266,520
Amount receivable from sewer users, repayable in blended annual payments of \$13,237, including principal and interest at 6%, matures in 2014.	75,209	83,616
	298,330	350,136

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2007

4. TEMPORARY ADVANCES

Temporary advances consist of the following:

	2007 \$	2006 \$
Temporary advances, beginning of year	165,994	5,195,494
Ontario Strategic Infrastructure Financing Authority Advances during the year	1,257,545	-
Prepaid through debenture proceeds	-	(5,029,500)
Temporary advances, end of year	1,423,539	165,994

5. 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 Provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the municipality are summarized below.

	2007 \$	2006 \$
. development charges	2,563,670	3,013,652
. parklands	16,420	103,466
. Brown's Line and bridge	1,117,116	856,885
. Federal gas tax revenues	-	253,617
	3,697,206	4,227,620

6. EMPLOYEE FUTURE BENEFITS PAYABLE

The Township provides certain employee benefits which will require funding in future periods as follows:

	2007 \$	2006 \$
. extended health care benefits	348,108	301,649
. vacation pay entitlement	115,685	83,467
	463,793	385,116

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2007

7. LONG TERM DEBT

	2007 \$	2006 \$
(a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:		
Ontario Municipal Economic Infrastructure Financing Authority Debenture, matures December 2, 2019, repayable in blended semi annual payments of \$167,252, bears interest at 2.62% per annum.	3,425,235	3,665,271
Ontario Strategic Infrastructure Financing Authority Debenture, matures February 2, 2031, repayable in blended semi annual payments of \$173,452, bears interest at 4.78% per annum.	4,865,907	4,976,252
	8,291,142	8,641,523

(b) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2008	362,049	319,362	681,411
2009	374,142	307,269	681,411
2010	386,676	294,735	681,411
2011	399,671	281,740	681,411
2012	413,143	268,268	681,411
	1,935,681	1,471,374	3,407,055
2013 - 2017	2,285,919	1,121,136	3,407,055
2018 and thereafter	4,069,542	1,282,707	5,352,249
	8,291,142	3,875,217	12,166,359

(c) The long term debt in (a) issued in the name of the Township has been approved 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 and Housing. The long term debt principal and interest payments will be recovered from water user charges and sewer development charges.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2007

8. MUNICIPAL POSITION AT THE END OF THE YEAR

The municipal position is comprised of the following:

	2007 \$	2006 \$
Current fund		
For general reduction of (to be recovered from) taxation and user charges		
. Township	367,153	178,447
. Waterworks	394,459	205,732
. Sewage	5,429	(93,285)
. Library Board	32,763	13,844
	799,804	304,738
Capital fund		
. Waterworks	(1,712,337)	(909,881)
. Sewage	(3,635,509)	(4,185,400)
. Transportation	(184,975)	(22,576)
	(5,532,821)	(5,117,857)
Reserves	8,186,216	7,059,259
Reserve funds	220,457	143,272
	8,406,673	7,202,531
	3,673,656	2,389,412

The capital fund deficit will be funded in subsequent years through recoveries from users of the water and sewer systems to which these water upgrades and waste water expansion project related and long term debt. During 2005 the Township received approval from the Ontario Strategic Infrastructure Financing Authority of up to \$10,263,000 in short term financing for costs incurred in 2005 and subsequent years to complete these water upgrades and waste water expansion project. Advances of \$5,029,500 were received in 2005. During 2006, the Township converted these advances into a debenture in the amount of \$5,029,500, with 4.78% interest amortized over 25 years. Advances of \$1,257,545 were received in 2007.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2007

9. EXPENDITURES BY OBJECT

The operating expenditures for the year reported on the Consolidated Schedule of Current Fund operations by object are as follows:

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
Salaries, wages and employee benefits	3,224,479	3,193,950	2,914,050
Debt interest charges	361,317	331,030	234,667
Materials	2,575,565	2,660,915	2,677,458
Contracted services	3,901,754	3,806,543	3,312,466
Rents and financial expenses	47,828	44,306	81,390
External transfers	134,865	148,820	119,378
	10,245,808	10,185,564	9,339,409

10. AMOUNTS TO BE RECOVERED

Amounts to be recovered consist of the outstanding principal portion of unmatured long term liabilities for municipal expenditures and employee future benefits payable. The balance consists of:

	2007 \$	2006 \$
Employee future benefits payable	463,793	385,116
Water long term debt to be recovered from local improvement charges	2,341,338	2,502,940
Water long term debt to be recovered from future local improvement charges and government transfer payments	1,083,897	1,162,331
Sewer long term debt to be recovered from sewer development charges	4,865,907	4,976,252
	8,754,935	9,026,639

CORPORATION OF THE TOWNSHIP OF ESSA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For The Year Ended December 31, 2007**

11. CONTRACTUAL OBLIGATION - ONTARIO CLEAN WATER AGENCY (OCWA)

The Township has entered into a Service Agreement with OCWA to provide operating maintenance of its wastewater facilities and water facilities. Included in the Consolidated Statement of Financial Activities are the operating charges from OCWA of \$719,800 (2006 - \$646,931). The agreement requires annual payments of \$560,516 plus cumulative annual inflation adjustments for 2007.

12. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time 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 contribution on account of current service in 2007 amounted to \$124,287 (2006 - \$121,586) for current service and is included as an expenditure in the Consolidated Statement of Financial Activities.

13. WASTE MANAGEMENT SETTLEMENT

A settlement has been reached between the County of Simcoe and the Township of Essa regarding the transfer of landfill site assets and liabilities to the County. Under the terms of the settlement, the County has made payments during 2007 of \$75,477 (2006 - \$123,204). The balance of the settlement of \$Nil (2006 - \$75,477) and has not been reflected in the Consolidated Statement of Financial Position.

14. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they may not be directly comparable with the current year actual amounts they have been reflected on the Consolidated Statement of Financial Activities and the Schedules of Current Fund Operations, Capital Fund Operations and Reserves and Reserve Funds. The budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF ESSA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For The Year Ended December 31, 2007**

15. TANGIBLE CAPITAL ASSETS

Tangible capital assets are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition. Effective for the fiscal year beginning January 1, 2009, the Township, along with all other local governments, will be required to recognize tangible capital assets on the consolidated statement of financial position and any amortization, gains or losses on disposal or impairments on the consolidated statement of financial activities. This change in accounting standards will require recognition of tangible capital assets on the consolidated statement of financial position, that were previously recorded as an expenditure in the consolidated statement of financial activities.

The Township has reviewed all its tangible capital assets and has identified the following major categories:

- Land and land improvements
- Buildings
- Linear assets
- Machinery and equipment
- Vehicles
- Capital works in progress

The Township has adopted a policy for the accounting of tangible capital assets and is in the process of gathering an inventory of capital assets in order to implement the appropriate accounting processes for release of financial statements for the year ending December 31, 2009. The Township intends to implement the appropriate accounting procedures in adequate time to allow for recognition of the Township's tangible capital assets on the consolidated statement of financial position for the year ending December 31, 2009.

16. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less .75% per annum. Council authorized the temporary borrowing limit for 2007 by By-law 2007-65. At December 31, 2007 there was a balance outstanding of \$Nil.

17. TILE DRAINAGE LOANS

The Township acts as a collection agent for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2007 is \$50,564 (2006 - \$62,495). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Financial Activities and Changes in Financial Position.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS
For The Year Ended December 31, 2007

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
REVENUES			
Taxation	6,780,658	6,764,767	6,644,949
User charges	3,225,374	3,462,396	3,325,849
Province of Ontario	1,364,870	1,362,818	1,308,301
Government of Canada	5,000	14,239	15,269
Other municipalities	134,861	250,331	287,780
Penalties and interest on taxes	170,000	189,521	169,683
Investment income	224,659	417,417	407,564
Development charges earned	346,906	1,246,678	187,280
Sale of land	678,000	589,000	230,565
TOTAL REVENUES	12,930,328	14,297,167	12,577,240
EXPENDITURES			
General government	992,604	978,156	1,000,361
Protection services	3,143,708	3,039,400	2,748,912
Transportation services	1,888,351	2,026,723	1,860,159
Environmental services	2,410,738	2,401,683	2,091,152
Social and family services	16,287	30,242	14,143
Recreation and cultural services	1,514,756	1,455,194	1,343,472
Planning and development	279,364	254,166	281,210
TOTAL EXPENDITURES	10,245,808	10,185,564	9,339,409
NET REVENUES/(EXPENDITURES)	2,684,520	4,111,603	3,237,831
FINANCING AND TRANSFERS			
Long term debt repaid	(350,381)	(350,381)	(287,117)
Transfer (to) from capital fund	(1,485,803)	(1,294,529)	(1,985,108)
Transfer (to) from reserves and reserve funds	(985,160)	(2,050,304)	(646,636)
Employee future benefits	-	78,677	(17,826)
NET FINANCING AND TRANSFERS	(2,821,344)	(3,616,537)	(2,936,687)
CHANGE IN CURRENT FUND BALANCE	(136,824)	495,066	301,144
OPENING CURRENT FUND BALANCE	304,738	304,738	3,594
CLOSING CURRENT FUND BALANCE	167,914	799,804	304,738

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
For The Year Ended December 31, 2007

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
REVENUES			
Province of Ontario	573,667	253,778	778,292
Government of Canada	1,051,884	763,443	3,697
User charges	-	53,833	45,518
Development charges earned	625,860	1,882,993	1,797,168
TOTAL REVENUES	2,251,411	2,954,047	2,624,675
EXPENDITURES			
General government	60,250	57,427	6,538
Protection services	121,500	128,557	427,079
Transportation services	4,026,800	2,906,791	2,566,762
Environmental services	3,203,077	1,885,886	5,450,350
Recreation and cultural services	415,072	538,345	1,053,020
TOTAL EXPENDITURES	7,826,699	5,517,006	9,503,749
NET REVENUES/(EXPENDITURES)	(5,575,288)	(2,562,959)	(6,879,074)
FINANCING AND TRANSFERS			
Long term debt issued	-	-	5,029,500
Transfers from current fund	1,485,803	1,294,529	1,985,108
Transfers from reserves and reserve funds	1,103,685	853,466	624,861
NET FINANCING AND TRANSFERS	2,589,488	2,147,995	7,639,469
CHANGE IN CAPITAL FUND BALANCE	(2,985,800)	(414,964)	760,395
OPENING CAPITAL FUND BALANCE	(5,117,857)	(5,117,857)	(5,878,252)
CLOSING CAPITAL FUND BALANCE	(8,103,657)	(5,532,821)	(5,117,857)

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS

For The Year Ended December 31, 2007

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
REVENUES			
Investment income	-	7,304	4,971
TOTAL REVENUES	-	7,304	4,971
NET TRANSFERS FROM (TO) OTHER FUNDS			
Current fund	985,160	2,050,304	646,636
Capital fund	(1,103,685)	(853,466)	(624,861)
TOTAL NET TRANSFERS	(118,525)	1,196,838	21,775
CHANGE IN RESERVE AND RESERVE FUND BALANCE	(118,525)	1,204,142	26,746
OPENING RESERVE AND RESERVE FUND BALANCE	7,202,531	7,202,531	7,175,785
CLOSING RESERVE AND RESERVE FUND BALANCE	7,084,006	8,406,673	7,202,531
ANALYZED AS FOLLOWS:			
Reserves set aside for specific purposes by Council			
. working funds		934,935	934,935
. contingencies		37,372	37,372
. acquisition of capital assets		6,496,999	5,370,042
. operations		716,910	716,910
TOTAL RESERVES		8,186,216	7,059,259
Reserve funds set aside for specific purposes by Council			
. water and sewer services		129,846	119,562
. BIA		35,795	23,710
. library		54,816	-
TOTAL RESERVE FUNDS		220,457	143,272
TOTAL RESERVES AND RESERVE FUNDS		8,406,673	7,202,531

CORPORATION OF THE TOWNSHIP OF ESSA

WATERWORKS SYSTEM
SCHEDULE OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2007

	Budget 2007 \$	Current Fund \$	Capital Fund \$	Reserve and Reserve Fund \$	Actual 2007 \$	Actual 2006 \$
REVENUES						
Service fees	1,086,000	1,187,152	-	-	1,187,152	1,090,535
Frontage and connection fees	141,000	191,577	-	-	191,577	170,519
Transfer payments from other governments	68,000	-	68,000	-	68,000	64,000
Investment income	100,000	108,744	-	1,761	110,505	102,999
Penalties and interest	13,000	12,555	-	-	12,555	12,707
Other	28,000	29,695	-	-	29,695	37,996
Development charges earned	-	-	673,311	-	673,311	-
TOTAL REVENUES	1,436,000	1,529,723	741,311	1,761	2,272,795	1,478,756
EXPENDITURES						
CURRENT						
Transmission and distribution	407,450	423,535	-	-	423,535	366,631
Utilities	99,200	95,644	-	-	95,644	95,705
Administration	78,310	72,175	-	-	72,175	58,198
Interest on long term debt	124,756	94,468	-	-	94,468	100,636
TOTAL CURRENT EXPENDITURES	709,716	685,822	-	-	685,822	621,170
CAPITAL EXPENDITURES						
System improvements	3,046,377	-	1,584,374	-	1,584,374	1,652,937
TOTAL EXPENDITURES	3,756,093	685,822	1,584,374	-	2,270,196	2,274,107
NET REVENUES/ (EXPENDITURES)	(2,320,093)	843,901	(843,063)	1,761	2,599	(795,351)
FINANCING AND TRANSFERS						
Interfund transfers	-	(415,138)	40,607	374,531	-	-
Long term debt repaid	(240,036)	(240,036)	-	-	(240,036)	(233,869)
CHANGE IN FUND BALANCES	(2,560,129)	188,727	(802,456)	376,292	(237,437)	(1,029,220)
OPENING FUND BALANCES	651,959	205,732	(909,881)	1,356,108	651,959	1,681,179
CLOSING FUND BALANCES	(1,908,170)	394,459	(1,712,337)	1,732,400	414,522	651,959

CORPORATION OF THE TOWNSHIP OF ESSA

**SEWAGE SYSTEM
SCHEDULE OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2007**

	Budget 2007 \$	Current Fund \$	Capital Fund \$	Reserve and Reserve Fund \$	Actual 2007 \$	Actual 2006 \$
REVENUES						
Service fees	700,000	742,553	-	-	742,553	750,116
Frontage and connection fees	44,706	44,778	-	-	44,778	46,076
Investment income	-	-	-	3,536	3,536	3,041
Penalties and interest	7,400	9,528	-	-	9,528	7,382
Other	5,000	10,284	-	-	10,284	9,250
Development charges earned	346,906	346,907	760,225	-	1,107,132	1,110,443
TOTAL REVENUES	1,104,012	1,154,050	760,225	3,536	1,917,811	1,926,308
EXPENDITURES						
CURRENT						
Transmission and distribution	381,350	402,094	-	-	402,094	383,535
Utilities	128,000	125,705	-	-	125,705	113,658
Administration	23,566	19,955	-	-	19,955	16,030
Financial expense	-	-	-	-	-	34,054
Interest on long term debt	236,561	236,562	-	-	236,562	134,031
TOTAL CURRENT EXPENDITURES	769,477	784,316	-	-	784,316	681,308
CAPITAL EXPENDITURES						
System improvements	156,700	-	301,512	-	301,512	3,795,369
TOTAL EXPENDITURES	926,177	784,316	301,512	-	1,085,828	4,476,677
NET REVENUES/ (EXPENDITURES)	177,835	369,734	458,713	3,536	831,983	(2,550,369)
FINANCING AND TRANSFERS						
Interfund transfers	-	(160,675)	91,178	69,497	-	-
Long term debt issued	-	-	-	-	-	5,029,500
Long term debt repaid	(110,345)	(110,345)	-	-	(110,345)	(53,248)
CHANGE IN FUND BALANCES	67,490	98,714	549,891	73,033	721,638	2,425,883
OPENING FUND BALANCES	(3,561,746)	(93,285)	(4,185,400)	716,939	(3,561,746)	(5,987,629)
CLOSING FUND BALANCES	(3,494,256)	5,429	(3,635,509)	789,972	(2,840,108)	(3,561,746)

CORPORATION OF THE TOWNSHIP OF ESSA
ESSA PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2007

AUDITORS' REPORT

TO THE MEMBERS OF THE ESSA PUBLIC LIBRARY BOARD, MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the statement of financial position of the Essa Public Library Board of the Corporation of the Township of Essa 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 Board'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 Board 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.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
May 1, 2008

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2007

	2007 \$	2006 \$
ASSETS		
FINANCIAL ASSETS		
Cash	75,089	26,470
Trade and other receivables	6,944	7,675
Other assets	3,732	3,182
Due from Township	6,017	-
TOTAL ASSETS	91,782	37,327
LIABILITIES AND FINANCIAL POSITION		
LIABILITIES		
Accounts payable	4,203	21,180
Due to Township	-	2,303
TOTAL LIABILITIES	4,203	23,483
FINANCIAL POSITION		
Fund Balance		
Current fund	32,763	13,844
Reserve fund	54,816	-
TOTAL FINANCIAL POSITION	87,579	13,844
TOTAL LIABILITIES AND FINANCIAL POSITION	91,782	37,327

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2007

	Budget 2007 \$	Current Fund \$	Capital Fund \$	Reserve Fund \$	Actual 2007 \$	Actual 2006 \$
REVENUES						
Contribution from Township	386,951	393,148	-	-	393,148	331,938
Province of Ontario	43,297	43,297	-	-	43,297	80,997
Government of Canada	13,065	7,147	7,203	-	14,350	13,269
Other	-	17,512	-	983	18,495	12,288
Capital donations	-	-	53,833	-	53,833	-
TOTAL REVENUES	443,313	461,104	61,036	983	523,123	438,492
EXPENDITURES						
CURRENT						
Salaries and benefits	293,904	273,930	-	-	273,930	258,747
Books, audio and periodicals	98,984	95,505	-	-	95,505	110,714
Utilities	14,575	13,216	-	-	13,216	11,832
Insurance and audit	3,980	3,905	-	-	3,905	3,752
Repairs and maintenance	16,785	15,427	-	-	15,427	11,646
Contracted services	5,000	4,650	-	-	4,650	9,300
Other operating costs	29,570	27,863	-	-	27,863	21,515
Fundraising costs	1,500	1,074	-	-	1,074	-
TOTAL CURRENT EXPENDITURES	464,298	435,570	-	-	435,570	427,506
TOTAL CAPITAL EXPENDITURES	-	-	13,818	-	13,818	7,372
TOTAL EXPENDITURES	464,268	435,570	13,818	-	449,388	434,878
NET REVENUES/(EXPENDITURES)	(20,985)	25,534	47,218	983	73,735	3,614
TRANSFERS						
Interfund transfers	-	(6,615)	(47,218)	53,833	-	-
CHANGE IN FUND BALANCES	(20,985)	18,919	-	54,816	73,735	3,614
OPENING FUND BALANCE	13,844	13,844	-	-	13,844	10,230
CLOSING FUND BALANCE	(7,141)	32,763	-	54,816	87,579	13,844

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2007

	2007 \$	2006 \$
OPERATIONS		
Net revenues/(expenditures)	73,735	3,614
Sources (Uses):		
(Increase) decrease in trade and other receivables	731	(3,457)
(Increase) in other assets	(550)	(1,663)
(Increase) decrease in due from (to) Township	(8,320)	8,122
Increase (decrease) in accounts payable	(16,977)	20,112
Increase (decrease) in deferred revenue	-	(34,700)
Net increase (decrease) in cash from operations	48,619	(7,972)
NET CHANGE IN CASH AND CASH EQUIVALENTS	48,619	(7,972)
OPENING CASH AND CASH EQUIVALENTS	26,470	34,442
CLOSING CASH AND CASH EQUIVALENTS	75,089	26,470

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA**ESSA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2007**

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Fund Accounting

Funds within the financial statements consist of current and capital funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Recognition of Revenues and Expenditures

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 and services and the creation of a legal obligation to pay.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Statement of Financial Activities in the period incurred.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenditures during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

Financial Instruments

The Board's financial instruments consist of cash, trade and other receivables, amount due to/from the Township and accounts payable. The carrying value of the financial instruments approximates their fair values due to their immediate or short term maturity. The Board does not have any significant concentration of credit risk.

Reserves and Reserve Funds

Certain amounts, as approved by the Board are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

2. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they may not be directly comparable with the current year actual amounts they have been reflected on the Statement of Financial Activities. The budget figures are not subject to audit.

**CORPORATION OF THE
TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2007**

AUDITORS' REPORT

**TO THE MEMBERS OF THE ANGUS BUSINESS
IMPROVEMENT AREA BOARD, MEMBERS OF COUNCIL,
INHABITANTS AND RATEPAYERS OF THE CORPORATION
OF THE TOWNSHIP OF ESSA**

We have audited the statement of financial position of the Angus Business Improvement Area Board of the Corporation of the Township of Essa 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 Board'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 presents fairly, in all material respects, the financial position of the Board 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.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
May 1, 2008

ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2007

	2007 \$	2006 \$
FINANCIAL ASSETS		
Cash and temporary investments	35,795	23,710
TOTAL ASSETS	35,795	23,710
FINANCIAL POSITION		
Fund Balance		
Reserve fund	35,795	23,710
TOTAL FINANCIAL POSITION	35,795	23,710

The accompanying note is an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2007

	Budget 2007 \$	Current Fund \$	Reserve Fund \$	Actual 2007 \$	Actual 2006 \$
REVENUES					
Taxation	20,000	20,000	-	20,000	18,139
Investment income	-	-	1,026	1,026	614
TOTAL REVENUES	20,000	20,000	1,026	21,026	18,753
EXPENDITURES					
Audit	500	510	-	510	500
Decorations and maintenance	19,200	8,113	-	8,113	10,142
Tax write-offs	300	318	-	318	142
TOTAL EXPENDITURES	20,000	8,941	-	8,941	10,784
NET REVENUES/(EXPENDITURES)	-	11,059	1,026	12,085	7,969
TRANSFERS					
Interfund transfers	-	(11,059)	11,059	-	-
CHANGE IN FUND BALANCE	-	-	12,085	12,085	7,969
OPENING FUND BALANCE	23,710	-	23,710	23,710	15,741
CLOSING FUND BALANCE	23,710	-	35,795	35,795	23,710

The accompanying notes are an integral part of this financial statement.

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2007**

	2007 \$	2006 \$
OPERATIONS		
Net revenues	12,085	7,969
Net increase in cash from operations	12,085	7,969
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,085	7,969
OPENING CASH AND CASH EQUIVALENTS	23,710	15,741
CLOSING CASH AND CASH EQUIVALENTS	35,795	23,710

The accompanying notes are an integral part of this financial statement.

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2007**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Fund Accounting

Funds within the financial statements consist of the current and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Recognition of Revenues and Expenditures

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 and services and the creation of a legal obligation to pay.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Statement of Financial Activities in the period incurred.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenditures during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

Financial Instruments

The Board's financial instruments consist of cash and temporary investments. The carrying value of the financial instruments approximates their fair values due to their immediate or short term maturity. The Board does not have any significant concentration of credit risk.

Reserve Fund

Certain amounts, as approved by the Board, are set aside in a reserve fund for future operating and capital purposes. Transfers to and/or from the reserve fund are an adjustment to the respective fund when approved.

2. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they may not be directly comparable with the current year actual amounts they have been reflected on the Statement of Financial Activities. The budget figures are not subject to audit.