

**The Corporation of the
Town of Caledon
Financial Statements
For the year ended December 31, 2008**

The Corporation of the Town of Caledon
Financial Statements
For the year ended December 31, 2008

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Management Report

The accompanying financial statements are the responsibility of the management of the Corporation of the Town of Caledon. In management's opinion, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Management has selected accounting principles and methods that are appropriate for the Corporation's circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. The notes to the financial statements and any other supplementary information presented are consistent with that in the financial statements.

The Corporation maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized and that the Corporation's assets are properly accounted for and adequately safeguarded.

The financial statements have been examined by BDO Dunwoody LLP, Chartered Accountants, the external auditors of the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian generally accepted accounting principles.

Town Council is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. Town Council meets periodically with management, as well as with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting. Town Council also reviews the financial statements and recommends their approval. BDO Dunwoody LLP, Chartered Accountants have full and free access to Town Council, with or without the presence of management.

Douglas Barnes
Chief Administrative Officer
April 16, 2009

R.H. Kaufman, CA
Deputy CAO/Director of Corporate Services/Treasurer
April 16, 2009

Auditors' Report

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

We have audited the consolidated statement of financial position of the Corporation of the Town of Caledon as at December 31, 2008 and the consolidated statements of financial activities and cash flows 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 Caledon as at December 31, 2008 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Orangeville, Ontario
April 16, 2009

The Corporation of the Town of Caledon Consolidated Statement of Financial Position

December 31	2008	2007 (restated) (Note 25)
Financial Assets		
Cash and bank (Note 1)	\$ 8,499,120	\$ 12,507,452
Temporary investments (Note 2)	14,089,325	37,532,828
Taxes receivable (Note 3)	12,559,112	8,537,126
Accounts and grants receivable (Note 4)	2,105,759	1,737,676
Mortgage receivable (Note 5)	383,463	410,580
Long-term investments (Note 6)	33,797,231	10,728,289
	71,434,010	71,453,951
Liabilities		
Accounts payable and accrued liabilities	15,291,051	9,842,270
Deferred revenue (Note 7)	10,615,471	8,057,419
Net long-term liabilities (Note 8)	20,238,000	21,474,000
	46,144,522	39,373,689
Net Financial Assets	25,289,488	32,080,262
Non-Financial Assets		
Inventory held for resale	321,169	230,583
Prepaid expenses	241,579	175,689
	562,748	406,272
Total Net Assets	\$ 25,852,236	\$ 32,486,534
Municipal Position		
Fund Balances		
Current fund (Page 27)(Note 9)	\$ 118,602	\$ 544,942
Capital fund (Page 28)(Note 9)	15,173,990	19,383,616
Reserves and reserve funds (Page 29)	30,797,644	34,031,976
	46,090,236	53,960,534
Amounts to be recovered (Note 10)	(20,238,000)	(21,474,000)
	\$ 25,852,236	\$ 32,486,534

Contingencies (Note 21)

The Corporation of the Town of Caledon Consolidated Statement of Financial Activities

For the year ended December 31	2008 Budget (Unaudited)	2008 Actual	2007 Actual (restated) (Note 25)
Revenue			
Taxation (Note 11)	\$ 26,721,600	\$ 27,048,501	\$ 24,619,385
Fees and user charges (Note 12)	7,103,800	7,114,078	5,275,388
Canada grants	6,500	18,411	5,745
Ontario grants	3,727,800	2,903,166	2,341,549
Other income (Note 13)	10,726,450	14,387,423	13,073,626
Obligatory reserve fund revenue recognized (Note 7)	3,290,420	6,164,199	2,687,663
	<u>51,576,570</u>	<u>57,635,778</u>	<u>48,003,356</u>
Expenditures			
Current (Note 14)			
General government	6,283,900	7,210,769	5,993,489
Protection services	8,723,500	8,609,822	7,540,664
Transportation services	9,641,000	10,356,368	8,792,648
Interest on former Caledon Hydro Corporation debt	-	1,416,777	1,491,662
Recreation and cultural services	11,508,700	11,024,233	10,071,014
Planning and development	7,552,600	6,076,136	5,427,346
	<u>43,709,700</u>	<u>44,694,105</u>	<u>39,316,823</u>
Capital			
General government	880,000	2,136,778	227,665
Protection services	1,380,000	426,354	514,718
Transportation services	5,921,470	14,883,679	5,621,950
Recreational and cultural services	1,902,600	2,129,160	7,141,979
	<u>10,084,070</u>	<u>19,575,971</u>	<u>13,506,312</u>
Total expenditures	<u>53,793,770</u>	<u>64,270,076</u>	<u>52,823,135</u>
Net revenue (expenditures) for the year	(2,217,200)	(6,634,298)	(4,819,779)
Change in amounts to be recovered (Note 10)	(395,000)	(1,236,000)	(1,161,000)
Change in fund balances for the year	(2,612,200)	(7,870,298)	(5,980,779)
Fund balances, beginning of year	53,815,592	53,960,534	59,941,313
Fund balances, end of year	<u>\$ 51,203,392</u>	<u>\$ 46,090,236</u>	<u>\$ 53,960,534</u>

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

The Corporation of the Town of Caledon Consolidated Statement of Cash Flows

For the year ended December 31	2008	2007 (restated) (Note 25)
Cash provided by (used in)		
Operating activities		
Net revenue (expenditures) for the year	\$ (6,634,298)	\$ (4,819,779)
Items not involving cash		
Long-term bond premium amortization	111,087	-
Accrued interest on long-term bonds	(153,395)	-
	<u>(6,676,606)</u>	<u>(4,819,779)</u>
Changes in non-cash working capital items		
Decrease (increase) in taxes receivable	(4,021,986)	(734,067)
Decrease (increase) in trade and other receivables	(368,083)	1,132,412
Decrease (increase) in inventory held for resale	(90,586)	(172,072)
Decrease (increase) in other current assets	(65,890)	(29,951)
Increase in accounts payable	5,448,781	685,024
Decrease in deferred revenue	2,558,052	4,719,741
	<u>3,460,288</u>	<u>5,601,087</u>
	<u>(3,216,318)</u>	<u>781,308</u>
Investing activities		
Decrease in restricted cash	384,211	1,886,000
Net investment in long-term receivables	27,117	25,672
Purchase of long-term investments	(23,026,634)	-
Purchase of short-term investments	(2,081,485)	-
Proceeds on redemption of long-term investments	-	3,902,176
Purchase of restricted short-term investments	-	(4,080,000)
Proceeds on redemption of restricted short-term investments	5,150,000	-
	<u>(19,546,791)</u>	<u>1,733,848</u>
Financing activities		
Repayment of long-term liabilities	(1,236,000)	(1,161,000)
Net change in cash and cash equivalents	(23,999,109)	1,354,156
Cash and cash equivalents, beginning of year	40,850,280	39,496,124
Cash and cash equivalents, end of year	\$ 16,851,171	\$ 40,850,280
Cash and cash equivalents are comprised of:		
Cash and bank (Note 1)	\$ 5,870,331	\$ 9,494,452
Temporary investments (Note 2)	10,980,840	31,355,828
	<u>\$ 16,851,171</u>	<u>\$ 40,850,280</u>

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

The Corporation of the Town of Caledon

Summary of Significant Accounting Policies

December 31, 2008

Management Responsibility

The consolidated financial statements of the Corporation of the Town of Caledon are the representation 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.

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.

Reporting Entity

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 boards and municipal enterprises owned or controlled by Council have been consolidated:

Town of Caledon Library Board
Town of Caledon Business Improvement Area
Town of Caledon Youth Services Board

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Non-consolidated Entities

The following Regional Municipality and local boards are not consolidated and should be contacted directly if examination of their annual audited financial statements is desired:

The Regional Municipality of Peel
The Peel District School Board
The Dufferin-Peel Catholic District School Board
Conseil Scolaire de District du Centre-Sud Ouest
Conseil Scolaire de District Catholique Centre-Sud

The Corporation of the Town of Caledon

Summary of Significant Accounting Policies

December 31, 2008

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 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.

Financial Instruments

Financial instruments consist of cash and bank, temporary investments, taxes receivable, accounts and grants receivable, long-term receivables, long-term investments, accounts payable and accrued liabilities and net long-term liabilities. Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash and bank and unrestricted short-term investments with maturities of three months or less.

Temporary Investments

Temporary investments are recorded at the lower of cost and market value.

Inventory Held for Resale

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as a capital expenditure on the consolidated statement of financial activities in the year of acquisition.

Long-term Investments

Long-term investments are recorded at cost. When there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

The Corporation of the Town of Caledon Summary of Significant Accounting Policies

December 31, 2008

Reserves and Reserve Funds	Certain amounts, as approved by Town Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to/from reserves and reserve funds are an adjustment to the respective funds when approved.
Deferred Revenue - Unearned User Charges and Fees	Deferred revenue represents user charges and fees which have been collected but for which the related services have not yet been performed. These receipts will be recognized as revenues in the fiscal year the services are performed.
Deferred Revenue - Obligatory Reserve Funds	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.
Amounts to be Recovered	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.
Taxation and Related Revenues	<p>Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Town Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.</p> <p>The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.</p>
Investment Income	Investment income earned on available current funds, capital funds, reserves and reserve funds (other than obligatory funds) are reported in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

The Corporation of the Town of Caledon Summary of Significant Accounting Policies

December 31, 2008

Government Transfers

Government transfers are recognized in the consolidated financial statements 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.

Region and School Boards

The municipality collects taxation revenue on behalf of the Regional Municipality of Peel and the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the Regional Municipality of Peel and the school boards are not reflected in these financial statements.

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 Caledon Notes to Financial Statements

December 31, 2008

1. Cash and Bank

	2008	2007
Unrestricted	\$ 5,870,331	\$ 9,494,452
Restricted	2,628,789	3,013,000
	\$ 8,499,120	\$ 12,507,452

Restricted cash is held by the Region of Peel in the Town's Debt Retirement Fund for the purpose of providing periodic repayments of debt issued on behalf of the Town.

2. Temporary Investments

	2008	2007
Banker's acceptances	\$ 10,980,840	\$ 31,355,828
Short-term provincial government bond	2,081,485	-
Region of Peel debt retirement fund investments	1,027,000	6,177,000
	\$ 14,089,325	\$ 37,532,828

Temporary investments have interest rates ranging from 2.6% to 4.75% and a market value of \$14,121,419 (2007 - \$37,542,658) at the end of the year.

During the year, amortization in the amount of \$23,370 was taken on the premium paid on the short-term provincial government bond.

The Town's Debt Retirement Fund investments held by the Region of Peel are restricted for the purpose of providing periodic repayments of debt issued on behalf of the Town.

3. Taxes Receivable

	2008	2007
Taxes receivable	\$ 12,881,047	\$ 8,537,126
Allowance for doubtful accounts	(321,935)	-
	\$ 12,559,112	\$ 8,537,126

2008 taxes receivable includes approximately \$2,650,000 (2007 - nil) in supplementary taxes due after year end.

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

4. Accounts and Grants Receivable

	<u>2008</u>	<u>2007</u>
Accounts and grants receivable	\$ 2,166,205	\$ 1,747,676
Allowance for doubtful accounts	(60,446)	(10,000)
	<u>\$ 2,105,759</u>	<u>\$ 1,737,676</u>

Included in accounts and grants receivable is \$185,000 in accrued interest on the Town's Debt Retirement Fund held by the Region of Peel (2007 - \$216,000). This accrued interest is restricted for the purpose of providing periodic repayments of debt issued on behalf of the Town.

5. Mortgage Receivable

	<u>2008</u>	<u>2007</u>
Mortgage receivable	\$ 383,463	\$ 410,580

The mortgage earns interest at a rate of 5.5%, and is receivable over a period not exceeding 15 years.

The mortgage came due subsequent to year end and was not renewed. The full amount of the mortgage has been received during fiscal 2009.

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

6. Long-term Investments

	<u>2008</u>	<u>2007</u>
Medium-term Government of Canada bonds	\$ 4,259,584	\$ -
Medium-term Provincial Government bonds	4,346,252	-
Long-term Government of Canada bond	2,124,356	-
Long-term Provincial Government bonds	8,558,512	-
Long-term Debt Retirement Fund investments	<u>14,508,527</u>	<u>10,728,289</u>
	<u>\$ 33,797,231</u>	<u>\$ 10,728,289</u>

The long-term investments have interest rates ranging from 3.75% to 4.75% and maturity dates from March 2010 to June 2018. The market value of the long-term investments is \$34,991,905 (2007 - \$10,757,479).

During the year, amortization in the amount of \$111,088 was taken on premiums paid on the long-term investments.

The Town's long-term Debt Retirement Fund investments held by the Region of Peel are restricted for the purpose of providing periodic repayments of debt issued on behalf of the Town.

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

7. Deferred Revenue

	Balance at December 31 2007	Contributions Received	Investment Income	Revenue Recognized	Balance at December 31 2008
	(restated) (Note 25)				
Obligatory Reserve Funds					
Development charges	\$ 5,290,006	\$ 4,026,313	\$ 132,970	\$ (4,632,495)	\$ 4,816,794
Recreational land	970,166	1,059,943	26,270	(302,179)	1,754,200
Building permits	1,184,400	-	22,197	377,417	1,584,014
Federal gas tax	300,099	1,303,430	3,413	(1,606,942)	-
	\$ 7,744,671	6,389,686	184,850	(6,164,199)	\$ 8,155,008
User Charges and Fees					
Deferred memberships	\$ 312,748	309,273	-	(312,748)	\$ 309,273
Deferred grant	-	2,151,190	-	-	2,151,190
	\$ 312,748	2,460,463	-	(312,748)	\$ 2,460,463
	\$ 8,057,419	\$ 8,850,149	\$ 184,850	\$ (6,476,947)	\$ 10,615,471

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

8. Net Long-term Liabilities

- (a) The total long-term liabilities reported on the consolidated statement of financial position include the following:

	2008	2007
The Town has long-term debt managed and issued by the Region of Peel. The Town has the responsibility for the payment of principal and interest charges. The long-term debt has interest rates ranging from 6.45% to 6.65% and a maturity date of December 14, 2019. At the end of the year, the outstanding principal amount of the liability is	\$ 20,238,000	\$ 21,474,000

The following table outlines the principal and interest requirements on the long-term debt.

	Principal	Interest	Total
2009	\$ 1,316,000	\$ 1,337,055	\$ 2,653,055
2010	1,402,000	1,252,173	2,654,173
2011	1,493,000	1,161,043	2,654,043
2012	1,590,000	1,063,251	2,653,251
2013	1,694,000	958,312	2,652,312
2014-2018	10,270,000	2,956,020	13,226,020
Thereafter	2,473,000	164,455	2,637,455
	\$ 20,238,000	\$ 8,892,309	\$ 29,130,309

Interest expense in the amount of \$1,416,777 (2007 - \$1,491,661) has been recognized on the consolidated statement of financial activities.

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- (b) The Town's debt retirement reserve fund held by the Region of Peel is projected to have sufficient funds to repay the principal and interest payments until December 2016. There is a projected shortfall between the debt retirement reserve fund and the Town's external long-term debt repayments of \$8,962,722, comprised of \$7,716,047 in principal repayments and \$1,246,676 of interest repayments.

The projected shortfalls between the debt retirement reserve fund and the Town's external long-term debt repayments are planned to be covered from the Town's other reserve funds.

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

9. Analysis of Current and Capital Funds

Current Fund (Page 27)

	2008	2007
		(restated) (Note 24)
General purposes	\$ -	\$ 514,384
Caledon Library Board	151,792	61,041
Caledon Business Improvement Area	7,700	7,042
Caledon Youth Services Board	(40,890)	(37,525)
	\$ 118,602	\$ 544,942

In 2008, \$335,000 from the tax rate stabilization reserve and \$156,215 from the working funds reserve was transferred to the current fund to cover the general purpose deficit of \$491,215.

Capital Fund (Page 28)

	2008	2007
General government	\$ (524,042)	\$ 863,042
Protection services	1,424,832	581,691
Transportation services	12,111,157	15,456,823
Recreation and cultural services	2,162,043	2,482,060
	\$ 15,173,990	\$ 19,383,616

10. Amounts to be Recovered

	2008	2007
Capital outlay financed by long-term liabilities and to be recovered in future years	\$ 20,238,000	\$ 21,474,000
Change in amounts to be recovered consists of the following:		
Debt principal repayments	\$ (1,236,000)	\$ (1,161,000)

The Corporation of the Town of Caledon

Notes to Financial Statements

December 31, 2008

11. Taxation

Property tax billings are prepared by the Town based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). All assessed property values in the Town were reviewed and new values established based on a common valuation date of January 1, 2005, which was used by the Town in computing property tax bills. However, the property tax revenue and taxes receivable of the Town are subject to measurement uncertainty as significant numbers of appeals submitted by ratepayers for adjustments to assessment have yet to be heard. Further, changes to assessed value reflecting new construction is included in supplementary assessments prepared by "MPAC". Any billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region and school boards as appropriate.

The capping provisions of Bill 79 ("The Fairness for Property Taxpayers Act, 1998") expired at the end of 2000. The Province of Ontario subsequently enacted Bill 140 "Continued Protection for Property Taxpayers" which extends the capping provisions of Bill 79. The new legislation limits assessment-related increases in property tax bills to 5 percent annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current value assessment.

Receiving Royal Assent June 17, 2004 and effective for the 2005 or a subsequent taxation year, Bill 83 "Budget Measures Act" raises the annual upper limit of assessment related increases in property tax bills for commercial, industrial and multi-residential property classes. In determining the amount of taxes for municipal and school purposes for the year, the amount of the cap will be based on one of the following:

- 1) The annual cap is set at 10% of the prior year's annualized capped taxes; and/or,
- 2) The upper limit on the annual tax increase is the greater of the amount calculated under (1) above, or 5% of the property's prior year's annualized current value assessment (CVA) based tax; and/or,
- 3) A \$250 threshold is applied to both increasing (capped) properties and decreasing (clawback) properties after application of either (1) and (2) options in order to move all those properties that are within the \$250 threshold to their full CVA based taxes.

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

12. Fees and User Charges

	2008	2008	2007
	Budget (Unaudited)	Actual	Actual
Recreation and property services	\$ 3,115,100	\$ 2,763,625	\$ 2,650,575
Planning and development	2,619,700	2,098,488	917,439
Public works and engineering	800,000	1,504,575	799,716
Administration and general governance	332,800	245,598	526,371
Fire services	195,000	392,781	332,165
Library services	15,700	14,731	17,919
Economic development	15,000	18,648	14,918
Building department	10,000	14,351	15,415
Legal services	500	61,281	870
	\$ 7,103,800	\$ 7,114,078	\$ 5,275,388

13. Other Income

	2008	2008	2007
	Budget (Unaudited)	Actual	Actual
Penalties and interest on taxation	\$ 1,000,000	\$ 1,257,748	\$ 1,092,389
Investment income	1,700,000	2,431,774	2,934,728
Rents, concessions and franchises	2,702,300	2,725,322	2,450,536
Donations, contributions and agreements	59,800	274,591	1,194,385
Recovery from other municipalities	1,107,950	2,294,417	102,336
Sale of land and other assets	50,000	280,745	75,085
Licences and permits	1,563,400	1,803,167	2,187,866
Provincial Offences Act	2,328,000	2,580,214	2,140,602
Fines	215,000	265,887	303,591
Aggregates rebate	-	-	213,404
Developer contributions	-	430,631	330,300
Other	-	42,927	48,404
	\$ 10,726,450	\$ 14,387,423	\$ 13,073,626

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

14. Expenditures by Object

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

	2008	2008	2007
	Budget (Unaudited)	Actual	Actual (restated)
Salaries, wages and employee benefits	\$ 25,078,100	\$ 24,998,079	\$ 22,108,991
Materials	14,222,700	13,708,086	11,921,058
Contracted services	3,072,900	2,903,406	2,554,547
Rents and financial expenses	593,000	468,988	406,614
Interest on long-term debt	339,300	1,693,231	1,769,037
Contributions to other organizations	403,700	922,315	556,576
	\$ 43,709,700	\$ 44,694,105	\$ 39,316,823

15. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 312 employees. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2008 was \$1,124,449 (2007 - \$1,033,772) for current service. The contribution rate for 2008 was 6.5% to 10.7% depending on normal retirement age and income level (2007 - 6.5% to 10.7%).

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 last available report for the OMERS plan was December 31, 2008. At that time the plan reported a \$0.3 billion actuarial deficit (2007 - \$0.1 billion surplus), based on actuarial liabilities of \$50.1 billion (2007 - \$46.8 billion) and actuarial assets of \$49.8 billion (2007 - \$46.9 billion).

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

16. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The budget information has not been audited.

Budgets established for the capital fund are set on a project-oriented basis. The costs and financing of each project may be carried out over one or more fiscal years. The budget reflected in the consolidated statement of financial activities is based on projects approved for that year.

17. Operations of the Regional Municipality of Peel and School Boards

During the year, the following taxation revenue was raised and remitted to the Regional Municipality of Peel and the school boards:

	2008	2007
Regional Municipality of Peel	\$ 37,334,322	\$ 32,851,914
School boards	36,189,210	33,106,910
	\$ 73,523,532	\$ 65,958,824

These amounts are not included on the consolidated statement of financial activities.

18. Trust Funds

The trust funds administered by the municipality amounting to \$2,517,913 (2007 - \$2,317,350) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2008, the trust fund balances are as follows:

	2008	2007
		(restated)
Cemetery Perpetual Care	\$ 6,007	\$ 6,004
Developer Deposits	2,503,575	2,304,230
Other	8,331	7,116
	\$ 2,517,913	\$ 2,317,350

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

19. Contractual Commitments

The Town of Caledon has entered into the following contracts:

- a) The lease of photocopiers at all Town locations at an approximate cost of \$254,199 per year. These leases expire in October 2010 and December 2010.
- b) Three-year leases on two vehicles at an approximate cost of \$18,247 per year. These leases expire in January 2010 and December 2010.
- c) Leases on two properties at an approximate cost of \$85,773 per year. These leases expire in July 2011 and June 2012.
- d) Leases on three mailing/postage machines at an approximate cost of \$9,488 per year. These leases expire in December 2011, September 2013, and November 2013.

The Town of Caledon has entered into contracts worth approximately \$1,945,000 as of December 31, 2008 for capital project spending in 2009 and beyond on various transportation services, protection services, and recreation and cultural services capital projects.

20. Caledon Hydro Reserve Fund

In December 2005, the Town issued a by-law which authorized the establishment of a reserve fund for the net proceeds on the sale of Caledon Hydro Corporation. At December 31, 2008, the Caledon Hydro Reserve Fund balance is:

	<u>2008</u>	<u>2007</u>
Net proceeds on the sale of Caledon Hydro Corporation	\$ 26,002,837	\$ 26,002,837
Principal balances outstanding on internal loans provided for financing of capital projects	(16,048,917)	(16,152,538)
	<u>\$ 9,953,920</u>	<u>\$ 9,850,299</u>

These funds not committed or required to support future capital programs are to be included in investments with the revenue earned to be available for the Town budget process to offset tax impact pressures or to fund current budget requirements. If investment revenue is not required for budget purposes, the revenue shall be credited to the Caledon Hydro Reserve Fund.

The Corporation of the Town of Caledon

Notes to Financial Statements

December 31, 2008

21. Contingencies

A number of claims relating to properties expropriated by the Town are pending. It is impossible, at this time, for the Town to predict with certainty the outcome of such litigation. Management is of the opinion, based upon information presently available, that it is unlikely that any liability, to the extent not provided for, would be material in relation to the Town's financial position.

A claim for damages in the amount of \$2,000,000 together with a claim for reconveyance of lands have been filed against the Town. It is impossible at this time for the Town to predict with any certainty the outcome of this litigation. Any future judgment and settlement amounts relevant to this litigation will be recorded in the fiscal year in which they can be determined.

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the Town. In the opinion of management, the amounts of these claims would not have a significant effect on the financial position or results of operations of the Town if disposed of unfavourably.

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.

The Town has been served with various claims as a result of accidents and other incidents. The Town is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time. Should any liability be determined and not covered by insurance, it will be recognized in the period when determined.

The Corporation of the Town of Caledon

Notes to Financial Statements

December 31, 2008

22. Provincial Offences Administration

Effective March 29, 1999, the Corporation of the Town of Caledon assumed the responsibilities of the Provincial Offences Act (POA) from the Ministry of the Attorney General.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobiles Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal by-laws and other minor offences.

The revenues of the operations of the Caledon East POA administration facility and revenues collected on behalf of the Town at other POA court locations in the Province of Ontario consist of fines and charges amounting to \$2,236,540 for the year ended December 31, 2008 (2007 - \$1,848,694).

Pursuant to a Memorandum of Understanding, the Town of Caledon also provides administration and court support for the serviced municipalities within the County of Dufferin. A management fee is deducted from fines transferred to the serviced municipalities. For the year ended December 31, 2008, management fees of \$343,674 (2007 - \$291,786) were collected from serviced municipalities within the County of Dufferin.

The Town constructed Caledon Provincial Offences Court facility, a permanent facility to accommodate the POA court operations (including courtrooms and accessory uses, an administration office, and on-site office space for prosecutors) and hearing rooms, which can be used for Ontario Municipal Board (OMB) and Assessment Review Board (ARB) hearings on a regular basis. The Caledon Provincial Offences Court facility became operational in July 2003. Funding for the Caledon Provincial Offences Court facility has been provided by internal borrowings from the Caledon Hydro Reserve Fund.

23. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

The Corporation of the Town of Caledon

Notes to Financial Statements

December 31, 2008

24. Tangible Capital Assets

For the year ended December 31, 2009 the municipality 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.

The municipality is presently working on compiling information about the major classes of tangible capital assets including plants and facilities, roads, underground networks, land, vehicles, buildings, furniture and equipment, and bridges and structures.

25. Correction of Prior Period

A prior period adjustment has been made as a result of the building permit reserve being reclassified from a reserve to an obligatory reserve fund. The correction of the prior period increased deferred revenue by \$1,184,400, decreased reserves and reserve funds by \$1,184,400, decreased obligatory reserve fund revenue recognized by \$127,592, increased transfers to obligatory reserve funds by \$1,009,007, decreased the opening fund balance by \$47,801 and decreased the change in fund balance by \$1,136,599 for 2007. The opening fund balance for 2008 decreased by \$1,184,400.

A prior period adjustment has been made as a result of the debt retirement fund being reclassified as a discretionary reserve fund. The correction of the prior period increased long-term investments by \$20,134,289, increased net long-term debt by \$20,134,289, increased amounts to be recovered by \$20,134,289, increased the reserves and reserve funds closing balance by \$20,134,289, increased the reserves and reserve funds opening balance by \$21,832,464, increased other income by \$954,486, increased interest on former Caledon Hydro Corporation debt by \$954,486, and decreased the change in amounts to be recovered by \$1,698,175.

A prior period adjustment has been made as a result of expropriation costs incurred in 2006 and 2007 related to the Bolton Arterial Road. The correction of the prior period increased accounts payable by \$1,365,040, decreased the opening capital fund balance by \$1,252,849, and increased capital transportation services expenditures by \$112,191. The opening capital fund balance for 2008 decreased by \$1,365,040.

The Corporation of the Town of Caledon

Notes to Financial Statements

December 31, 2008

26. Segmented Information

The Town of Caledon is a diversified municipal government that provides a wide range of services to its citizens such as fire, recreation, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Public Works and Engineering

Responsible for the design, construction and maintenance of Town roads, storm sewers, storm water management, streetlights, sidewalks, trails, paths, parks, sports fields, streetscapes, and development design standards and assurance.

Fire and Emergency Services

Protect life, property, and the environment with the largest volunteer fire service in Ontario.

Recreation and Property Services

Operates a wide variety of recreation programs at facilities and parks, and is responsible for the development, construction, management, and maintenance of all Town owned buildings.

Library Services

Provides a responsible library service which excels in the area of customer service and is recognized for its innovative character and high quality standards.

Administration and General Governance

As a liaison between Council and staff, the CAO and Clerk ensure Council directives are carried out. Also includes Council, Building Services, Provincial Offences Act administration, and By-law Enforcement sections.

Legal Services

An in-house legal team supporting Council and Town staff to implement legal transactions and protect the Town's interests.

Human Resources

Provides human resource advice, counsel and solutions to meet the goals and challenges facing Town staff.

Other

Other includes:

- **Planning and Development** which is responsible for official plan policy, the Town's zoning by-law, development applications, the heritage resource office, and office of environmental progress.
- **Economic Development** and communications which enhances and promotes the corporate reputation of the Town, attracts and retains business and investments, and provides support to tourism, promotion and investment.
- **Corporate Services** which prepares the Town's operating and capital budget, collects municipal, regional and local school board taxes, and provides purchasing and information technology services to all Town departments

The Corporation of the Town of Caledon Notes to Financial Statements

December 31, 2008

26. Segmented Information (Continued)

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payments-in-lieu	allocated to those segments that are funded by these amounts based on the net surplus for the year
OMPF Grants	allocated to other

The Corporation of the Town of Caledon Schedule of Current Fund Operations

For the year ended December 31	2008	2008	2007
	Budget (Unaudited) (Note 16)	Actual	Actual (restated) (Note 25)
Revenue			
Taxation	\$ 26,721,600	\$ 27,048,501	\$ 24,619,385
Fees and user charges	7,103,800	7,114,078	5,275,388
Canada grants	6,500	18,411	5,745
Ontario grants	1,728,400	1,449,509	1,430,380
Other income	9,664,600	10,513,623	10,355,506
Obligatory reserve fund revenue recognized (Transfers to obligatory reserve funds)	1,277,700	(185,298)	(1,009,007)
	<u>46,502,600</u>	<u>45,958,824</u>	<u>40,677,397</u>
Expenditures			
General government	6,283,900	7,210,769	5,993,489
Protection services	8,723,500	8,609,822	7,540,664
Transportation services	9,641,000	10,356,368	8,792,648
Net interest on former Caledon Hydro Corporation debt	-	1,416,777	1,491,662
Recreation and cultural services	11,508,700	11,024,233	10,071,014
Planning and development	7,552,600	6,076,136	5,427,346
	<u>43,709,700</u>	<u>44,694,105</u>	<u>39,316,823</u>
Net revenues for the year	<u>2,792,900</u>	<u>1,264,719</u>	<u>1,360,574</u>
Change in amounts to be recovered (Note 10)	(395,000)	(1,236,000)	(1,161,000)
Net transfers from (to) other funds			
Transfers to capital fund operations	(3,355,300)	(2,848,512)	(2,458,425)
Transfers from (to) reserves and reserve funds	557,400	2,393,453	2,279,077
	<u>(3,192,900)</u>	<u>(1,691,059)</u>	<u>(1,340,348)</u>
Change in fund balance for the year	(400,000)	(426,340)	20,226
Current Fund, beginning of the year	<u>400,000</u>	<u>544,942</u>	<u>524,716</u>
Current Fund, end of the year	\$ -	\$ 118,602	\$ 544,942

The Corporation of the Town of Caledon Schedule of Capital Fund Operations

For the year ended December 31	2008 Budget (Unaudited) (Note 16)	2008 Actual	2007 Actual (restated) (Note 25)
Revenue			
Ontario grants	\$ 1,999,400	\$ 1,453,657	\$ 911,169
Other income	1,061,850	3,001,491	1,703,537
Obligatory reserve fund revenue recognized	2,012,720	6,349,497	3,696,670
	<u>5,073,970</u>	<u>10,804,645</u>	<u>6,311,376</u>
Expenditures			
General government	880,000	2,136,778	227,665
Protection services	1,380,000	426,354	514,718
Transportation services	5,921,470	14,883,679	5,621,950
Recreation and cultural services	1,902,600	2,129,160	7,141,979
	<u>10,084,070</u>	<u>19,575,971</u>	<u>13,506,312</u>
Net expenditures for the year	<u>(5,010,100)</u>	<u>(8,771,326)</u>	<u>(7,194,936)</u>
Net transfers from other funds			
Transfers from current fund operations	3,355,300	2,848,512	2,458,425
Transfers from reserves and reserve funds	1,654,800	1,713,188	11,976,051
	<u>5,010,100</u>	<u>4,561,700</u>	<u>14,434,476</u>
Change in fund balance for the year	-	(4,209,626)	7,239,540
Capital Fund, beginning of the year	<u>19,383,616</u>	<u>19,383,616</u>	<u>12,144,076</u>
Capital Fund, end of the year	<u>\$ 19,383,616</u>	<u>\$ 15,173,990</u>	<u>\$ 19,383,616</u>

The Corporation of the Town of Caledon Schedule of Reserves and Reserve Funds

For the year ended December 31	2008 Budget (Unaudited) (Note 16)	2008 Actual	2007 Actual (restated) (Note 25)
Revenue			
Other income	\$ -	\$ 872,309	\$ 1,014,583
Net transfers from (to) other funds			
Transfer from (to) current fund operations	(557,400)	(2,393,453)	(2,279,077)
Transfer to capital fund operations	(1,654,800)	(1,713,188)	(11,976,051)
	(2,212,200)	(4,106,641)	(14,255,128)
Change in balance for the year	(2,212,200)	(3,234,332)	(13,240,545)
Reserves and Reserve Funds, beginning of the year	34,031,976	34,031,976	47,272,521
Reserves and Reserve Funds, end of the year	\$ 31,819,776	\$ 30,797,644	\$ 34,031,976
Analyzed as follows:			
Reserves set aside for specific purpose by Council:			
Working funds		\$ 848,756	\$ 1,399,086
Contingencies		1,195,667	2,036,216
Current purposes		155,079	402,412
Capital purposes		288,327	93,598
		2,487,829	3,931,312
Reserve Funds set aside for specific purpose by Council:			
Hydro proceeds		9,953,920	9,850,299
Current purposes		6,580	116,076
Debt retirement		18,349,315	20,134,289
		28,309,815	30,100,664
Reserves and Reserve Funds, end of the year		\$ 30,797,644	\$ 34,031,976

The Corporation of the Town of Caledon Schedule of Segmented Information

For the year ended December 31	Public Works and Engineering	Fire and Emergency Services	Recreation and Property Services	Library Services	Administration and General Governance	Legal Services	Human Resources	Other	Eliminations	2008 Total
Revenue										
Taxation	\$ 11,089,886	\$ 5,680,185	\$ 4,327,760	\$ 2,163,880	\$ (1,352,425)	\$ (270,485)	\$ 811,455	\$ 4,598,245	\$ -	\$ 27,048,501
Fees and user charges	1,504,574	392,781	2,763,625	14,731	16,051	61,281		2,361,035	-	7,114,078
Specific grants	1,453,657	-	31,662	76,582	2,120	65,501		1,292,055	-	2,921,577
Other revenue	2,524,584	44,653	3,261,753	39,472	12,488	2,779,193		5,725,280	-	14,387,423
Obligatory reserve fund revenue recognized	6,071,146	-	278,351	-	-	-		(185,298)	-	6,164,199
Transfers from other funds	560,412	159,366	813,410	-	180,000	-		-	(1,713,188)	-
	-	-	-	-	-	-		-	-	-
	<u>23,204,259</u>	<u>6,276,985</u>	<u>11,476,561</u>	<u>2,294,665</u>	<u>(1,141,766)</u>	<u>2,635,490</u>	<u>811,455</u>	<u>13,791,317</u>	<u>(1,713,188)</u>	<u>57,635,778</u>
Expenses										
Salaries and benefits	5,144,149	3,446,050	4,973,911	1,615,652	1,130,261	1,114,372	615,053	6,958,631	-	24,998,079
Interest on debt	-	-	-	-	-	-	-	1,693,231	-	1,693,231
Materials and supplies	6,417,524	1,467,600	2,314,542	384,224	169,481	702,551	102,742	2,149,422	-	13,708,086
Contracted services	266,943	-	543,902	48,634	19,316	739,001	82,865	1,202,745	-	2,903,406
Other transfers	-	-	-	-	-	-	-	922,315	-	922,315
Rents and financial expenses	-	-	177,025	157,886	-	42,786	-	91,291	-	468,988
Capital	15,245,709	426,354	1,476,076	291,054	-	1,680,000	-	456,778	-	19,575,971
Transfers to other funds	16,000	195,512	114,029	-	(2,733,657)	-	-	14,663	2,393,453	-
	<u>27,090,325</u>	<u>5,535,516</u>	<u>9,599,485</u>	<u>2,497,450</u>	<u>(1,414,599)</u>	<u>4,278,710</u>	<u>800,660</u>	<u>13,489,076</u>	<u>2,393,453</u>	<u>64,270,076</u>
Change in amounts to be recovered	-	-	-	-	-	-	-	(1,236,000)	-	(1,236,000)
Net surplus (deficit)	\$ (3,886,066)	\$ 741,469	\$ 1,877,076	\$ (202,785)	\$ 272,833	\$ (1,643,220)	\$ 10,795	\$ (933,759)	\$ (4,106,641)	\$ (7,870,298)

The Corporation of the Town of Caledon Schedule of Segmented Information

For the year ended December 31	Engineering and Public Works	Fire and Emergency Services	Recreation and Property Services	Library Services	Administration and General Governance	Legal Services	Human Resources	Other	Eliminations	2007 Total
Revenue										
Taxation	\$ 14,279,243	\$ 3,200,520	\$ 3,446,714	\$ 1,723,357	\$ 738,582	\$ (246,194)	\$ 492,388	\$ 984,775	\$ -	\$ 24,619,385
Fees and user charges	799,716	332,165	2,650,575	17,919	9,221	870	-	1,464,922	-	5,275,388
Specific grants	161,984	-	763,135	63,916	-	63,500	-	1,294,759	-	2,347,294
Other revenue	314,505	33,393	3,894,829	44,081	11,310	2,374,265	-	6,401,243	-	13,073,626
Obligatory reserve fund revenue recognized	3,230,979	-	223,991	245,000	-	-	-	(1,012,307)	-	2,687,663
Transfers from other funds	9,790,000	168,050	2,018,001	-	-	-	-	-	(11,976,051)	-
	-	-	-	-	-	-	-	-	-	-
	<u>28,576,427</u>	<u>3,734,128</u>	<u>12,997,245</u>	<u>2,094,273</u>	<u>759,113</u>	<u>2,192,441</u>	<u>492,388</u>	<u>9,133,392</u>	<u>(11,976,051)</u>	<u>48,003,356</u>
Expenses										
Salaries and benefits	4,401,366	3,070,357	4,602,100	1,541,436	850,301	935,831	561,209	6,146,391	-	22,108,991
Interest on debt	-	-	-	-	-	-	-	1,769,037	-	1,769,037
Materials and supplies	5,451,031	1,169,616	2,165,902	372,249	145,275	589,558	90,929	1,936,498	-	11,921,058
Contracted services	237,282	-	418,710	51,993	87,337	696,017	47,110	1,016,098	-	2,554,547
Other transfers	-	-	-	-	-	-	-	556,576	-	556,576
Rents and financial expenses	-	-	168,753	122,898	-	33,812	-	81,151	-	406,614
Capital	5,986,234	514,718	6,519,361	258,334	-	-	-	227,665	-	13,506,312
Transfers to other funds	8,615	87,655	156,200	-	-	-	-	(2,531,546)	2,279,076	-
	<u>16,084,528</u>	<u>4,842,346</u>	<u>14,031,026</u>	<u>2,346,910</u>	<u>1,082,913</u>	<u>2,255,218</u>	<u>699,248</u>	<u>9,201,870</u>	<u>2,279,076</u>	<u>52,823,135</u>
Change in amounts to be recovered	-	-	-	-	-	-	-	(1,161,000)	-	(1,161,000)
Net surplus (deficit)	\$ 12,491,899	\$ (1,108,218)	\$ (1,033,781)	\$ (252,637)	\$ (323,800)	\$ (62,777)	\$ (206,860)	\$ (1,229,478)	\$ (14,255,127)	\$ (5,980,779)

**The Corporation of the
Town of Caledon
Trust Funds
Financial Statements
For the year ended December 31, 2008**

Auditors' Report

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

We have audited the balance sheet of the trust funds of the Corporation of the Town of Caledon as at December 31, 2008 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 Caledon as at December 31, 2008 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Orangeville, Ontario
April 16, 2009

**The Corporation of the Town of Caledon
Trust Funds
Balance Sheet**

December 31, 2008

Assets	Developer Deposits	Cemetery Perpetual Care	Other	2008 Total	2007 Total
Cash	\$ 2,503,575	\$ 6,007	\$ 3,795	\$ 2,513,377	\$ 2,314,461
Due from Town of Caledon	-	-	4,536	4,536	2,889
	\$ 2,503,575	\$ 6,007	\$ 8,331	\$ 2,517,913	\$ 2,317,350
Fund Balance	\$ 2,503,575	\$ 6,007	\$ 8,331	\$ 2,517,913	\$ 2,317,350

**Statement of Continuity
of the Trust Funds**

December 31, 2008

	Developer Deposits	Cemetery Perpetual Care	Other	2008 Total	2007 Total
Balance, beginning of the year, (Restated Note 3)	\$ 2,304,230	\$ 6,004	\$ 7,116	\$ 2,317,350	\$ 3,113,184
Receipts					
Deposits from developers	1,120,829	-	-	1,120,829	1,036,460
Interest earned	61,221	3	16	61,240	83,614
Other	-	-	3,147	3,147	8,040
	1,182,050	3	3,163	1,185,216	1,128,114
Expenditures					
Deposits disbursed	922,227	-	-	922,227	1,853,133
Awards paid	-	-	447	447	450
Transfer to Town	60,478	-	-	60,478	70,365
Other	-	-	1,501	1,501	-
	982,705	-	1,948	984,653	1,923,948
Balance, end of the year	\$ 2,503,575	\$ 6,007	\$ 8,331	\$ 2,517,913	\$ 2,317,350

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

**The Corporation of the Town of Caledon
Trust Funds
Notes to Financial Statements**

December 31, 2008

1. Summary of Significant Accounting Policies

Management Responsibility The financial statements of the Corporation of the Town of Caledon Trust Funds are the representation of management prepared in accordance with accounting principles prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. 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.

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.

2. Non-Cash Security

In addition to funds held in trust for developers, the Municipality also held non-cash security from developers and contractors of \$24,127,411 as at December 31, 2008 (2007 - \$21,361,021).

3. Correction of Prior Period

A correction of the prior period was made to remove a trust fund that the Town is not a trustee of. The opening balance in the other trust funds was decreased by \$17,092 as a result of the removal of the trust fund. Another trust fund was incorrectly classified in other trusts and has been reallocated to developer deposits. The reallocation decreased the opening balance in the other trust funds by \$27,112 and increased the balance in the developer deposits by \$27,122.

**The Corporation of the Town of Caledon
Trust Funds
Notes to Financial Statements**

December 31, 2008

4. Financial Instruments

The Trust Funds' financial instruments consist of cash, amounts due from the Town of Caledon and accounts payable. Unless otherwise noted, it is management's opinion that the Trust Funds are not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of the financial instruments approximate their carrying values, unless otherwise noted.
