

# Township of Norwich

## Consolidated Financial Statements

December 31, 2007



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**Township of Norwich  
Consolidated Financial Statements Index  
For the year ended December 31, 2007**

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**MILLARD, ROUSE & ROSEBRUGH LLP**  
**CHARTERED ACCOUNTANTS**

85 Robinson Street  
Simcoe, Ontario

**AUDITORS' REPORT**

**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Norwich**

**We have audited the consolidated statement of financial position of the Corporation of the Township of Norwich as at December 31, 2007 and the consolidated statements of operations and cash flows for the year then ended. These consolidated financial statements are the responsibility of 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 Township of Norwich as at December 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.**

Simcoe, Ontario  
April 28, 2008



Chartered Accountants  
Licensed Public Accountants

**Township of Norwich**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2007**

	2007	2006
	\$	\$
<b>Assets</b>		
Bank	281,369	360,526
Short Term Investments (Note 4)	1,071,837	446,765
Taxes Receivable	1,158,577	1,237,089
Accounts Receivable (Note 5)	636,524	729,216
Other Current Assets	28,373	22,289
Mortgages Receivable	11,500	12,000
Investment in Erie Thames Power Corporation (Note 6)	1,247,161	1,173,995
	<b>4,435,341</b>	<b>3,981,880</b>
 <b>Liabilities and Municipal Position</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	167,477	163,600
Other Current Liabilities	273,318	239,160
Deferred Revenue (Note 7)	255,232	331,170
Long Term Liabilities (Note 8)	2,957,198	3,248,700
	<b>3,653,225</b>	<b>3,982,630</b>
 <b>Municipal Position (Note 9)</b>		
Operating Fund (Note 9 a))	13,179	202,025
Capital Fund (Note 9 b))	163,575	(375,260)
Reserves and Reserve Funds (Note 9 c))	2,315,399	2,247,190
Equity in Erie Thames Power Corporation	1,247,161	1,173,995
	<b>3,739,314</b>	<b>3,247,950</b>
Total Fund Balances	<b>3,739,314</b>	<b>3,247,950</b>
Amounts to be Recovered in Future Years	<b>(2,957,198)</b>	<b>(3,248,700)</b>
	<b>782,116</b>	<b>(750)</b>
	<b>4,435,341</b>	<b>3,981,880</b>

**The accompanying notes are an integral part of these financial statements**

**Township of Norwich**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2007**

	2007	2006
	\$	\$
<b>Revenue</b>		
Taxation	4,457,828	4,089,270
Payments in Lieu of Taxes	64,173	61,732
User Charges	1,032,143	929,051
Grants	2,927,531	3,010,428
Fines	454	340
Penalties and Interest on Taxes	150,543	168,545
Investment Income	258,936	206,742
Sale of Assets	107,950	86,966
Prepaid Special Charges	253,547	73,568
Donations	103,633	696,213
	<hr/>	<hr/>
<b>Total Revenue</b>	<b>9,356,738</b>	<b>9,322,855</b>
	<hr/>	<hr/>
<b>Expenditures</b>		
<b>Current Operations</b>		
General Government	769,356	712,806
Protection Services	2,309,377	2,188,007
Transportation Services	1,737,043	1,564,029
Environmental Services	5,927	5,927
Health Services	458,426	399,441
Recreation and Cultural Services	1,115,689	1,040,927
Planning and Development	167,020	84,969
	<hr/>	<hr/>
	<b>6,562,838</b>	<b>5,996,106</b>
	<hr/>	<hr/>
<b>Capital Operations</b>		
General Government	17,561	50,301
Protection Services	173,623	327,008
Transportation Services	1,340,390	1,122,901
Health Services	56,195	61,522
Recreation and Cultural Services	307,152	605,901
Planning and Development	189,279	678,498
	<hr/>	<hr/>
	<b>2,084,200</b>	<b>2,846,131</b>
	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>8,647,038</b>	<b>8,842,237</b>
	<hr/>	<hr/>
<b>Equity Acquired in Erie Thames Power Corporation (Note 6)</b>	<b>73,166</b>	<b>8,759</b>
	<hr/>	<hr/>
<b>Net Revenue</b>	<b>782,866</b>	<b>489,377</b>
	<hr/>	<hr/>
<b>Changes in Amounts to be Recovered in Future Years</b>		
Principal Repayment of Long Term Debt	(291,502)	(221,725)
Long Term Debt Proceeds	----	2,800,000
	<hr/>	<hr/>
Change in Amounts to be Recovered in Future Years	<b>(291,502)</b>	<b>2,578,275</b>
	<hr/>	<hr/>
<b>Change in Fund Balances</b>	<b>491,364</b>	<b>3,067,652</b>
	<hr/>	<hr/>

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

**Township of Norwich**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2007**

	2007	2006
	\$	\$
<b>Cash Provided by (Used in):</b>		
<b>Operations</b>		
Net Revenue for the Year	782,866	489,377
Changes in Non-Cash Amounts:		
Taxes Receivable	78,512	228,926
Accounts Receivable	92,692	(416,406)
Other Current Assets	(6,084)	(487)
Mortgages Receivable	500	500
Accounts Payable and Accrued Liabilities	3,877	(29,948)
Other Current Liabilities	34,158	142,197
Deferred Revenue	(75,938)	55,313
	910,583	469,472
<b>Investing</b>		
Investment in Erie Thomas Power Corporation	(73,166)	(8,759)
<b>Financing</b>		
Long Term Debt Repaid	(291,502)	(221,725)
Long Term Debt Issued	----	2,800,000
	(291,502)	2,578,275
<b>Net Change in Cash and Cash Equivalents</b>	545,915	3,038,988
<b>Cash and Cash Equivalents - beginning of year</b>	807,291	(2,231,697)
<b>Cash and Cash Equivalents - end of year</b>	1,353,206	807,291
<b>Cash and Cash Equivalents - end of year is comprised of:</b>		
Bank	281,369	360,526
Short Term Investments	1,071,837	446,765
	1,353,206	807,291

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

**Township of Norwich**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2007**

The Corporation of the Township of Norwich is a municipality in the Province of Ontario, Canada. The township conducts its operations guided by the provisions of the provincial statutes such as the Municipal Act and related legislation.

**1. Summary of Significant Accounting Policies**

The consolidated financial statements of the Corporation of the Township of Norwich are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant aspects of the accounting policies adopted by the Township are as follows:

**a) Reporting Entities**

**i) Consolidated Entities**

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is composed 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 or controlled by the Township. These consolidated financial statements include:

Norwich Business Improvement Area

All interfund assets and liabilities and revenues and expenditures have been eliminated.

**ii) Erie Thames Power Corporation**

Erie Thames Power Corporation is accounted for on a modified equity basis, consistent with the Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Township.

**iii) Accounting for the County of Oxford and School Board Transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Oxford are not reflected in these financial statements. Overlevies (underlevies) are included on the Consolidated Statement of Financial Position to accounts payable and accrued liabilities or accounts receivable.

**Township of Norwich**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2007**

**1. Summary of Significant Accounting Policies - continued**

**a) Reporting Entities - continued**

**iv) Trust Funds**

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Balance Sheets and Statements of Operations and Changes in Fund Balances.

**b) Basis of Accounting**

**i) Accrual Basis of Accounting**

Revenue 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.

**ii) Land, Buildings and Equipment**

The historical cost and accumulated depreciation for land, buildings and equipment are not recorded for municipal purposes. Purchases of land, buildings and equipment are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.

**iii) Fund Accounting**

The Township of Norwich uses the restricted fund method of accounting for revenue. The revenue fund accounts for the current operations of the municipality. The capital fund accounts for expenditures and related financing that are expected to provide a benefit to the municipality which extends beyond the current year. Reserve funds are restricted for specific purposes.

**iv) 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.

**v) 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.

**vi) Deferred Revenues - Obligatory Reserve Funds**

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 provided.

**Township of Norwich**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2007**

**2. Operations of School Boards and the County of Oxford**

Further to Note 1 a) iii), the taxation, other revenues, expenditures and overlevies (underlevies) of the school boards and the County of Oxford are comprised of the following:

	<b>School Boards 2007 \$</b>	<b>School Boards 2006 \$</b>	<b>County 2007 \$</b>	<b>County 2006 \$</b>
<b>Taxation and User Charges</b>	<b>2,957,738</b>	2,914,004	<b>4,231,695</b>	4,077,855
<b>Requisitions</b>	<b>2,957,738</b>	2,914,004	<b>4,231,695</b>	4,077,855

**3. Trust Funds**

Trust funds administered by the municipality amounting to \$97,686 (2006 - \$90,423) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

**4. Short Term Investments**

The short term investments are held in One Fund, a public sector money market fund and are carried at fair market value.

**5. Accounts Receivable**

Included in accounts receivable on the Consolidated Statement of Financial Position and in user charges on the Consolidated Statement of Operations are donation pledges amounting to \$251,864 (2006 - \$356,667), which are an integral part of the financing of the Norwich Arena and Community Centre Capital Project which management has determined to be collectible.

**6. Investment in Erie Thames Power Corporation**

The Ontario Government enacted the Energy Competition Act, 1993 to introduce competition to the Ontario electricity market. Under terms of this legislation, the Ontario Energy Board will regulate industry participants by issuing licenses for the right to generate, transmit, distribute and retail electricity. These licenses will require compliance with established market rules and codes.

Pursuant to this legislation, effective August 1, 2000, a by-law was passed to transfer all of the electricity related net assets of the Norwich Public Utility Commission to Erie Thames Power Corporation as one of the municipal participants in this newly incorporated business. The Township of Norwich holds a 9.5% equity position in this corporation as a result of this transfer of net assets. The Township's investment in Erie Thames Power Corporation will be increased in subsequent years by its share of the net income of Erie Thames Power Corporation.

During the year the Township's share of the net earnings of Erie Thames Power Corporation amounted to \$73,166 (2006 - \$8,759).

**Township of Norwich**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2007**

**7. Deferred Revenue**

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 restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. Deferred revenue from operating activities and the balances in the obligatory reserve funds of the Township are as follows:

	2007	2006
	\$	\$
Federal Gasoline Tax Revenue	---	114,548
Development Charges	144,952	130,444
Recreational Land (Planning Act)	107,040	82,093
Operating Activities	3,240	4,085
	<u>255,232</u>	<u>331,170</u>

**8. Long Term Liabilities**

	2007	2006
	\$	\$
a) The balance of net liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:		
Total long term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	2,969,084	3,280,686
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	<u>(11,886)</u>	<u>(31,986)</u>
<b>Long Term Liabilities at the End of the Year</b>	<u><b>2,957,198</b></u>	<u><b>3,248,700</b></u>

b) Of the long term liabilities reported in part a), principal payments are recoverable from general municipal revenues and are repayable as follows:

	\$
2008	291,502
2009	291,502
2010	204,194
2011	140,000
2012	140,000
Subsequent Years	<u>1,890,000</u>
	<u><b>2,957,198</b></u>

**Township of Norwich**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2007**

**8. Long Term Liabilities - continued**

c) The municipality is contingently liable for long term liabilities with respect to tile drainage loans. The total amount outstanding as at December 31, 2007 is \$11,886 (2006 - \$31,986) and is not recorded on the Consolidated Statement of Financial Position.

d) The long term liabilities in a), issued in the name of the municipality, have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have 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.

e) Total charges for the year for net long term liabilities which are reported on the Consolidated Statement of Operations are as follows:

	<b>2007</b>	<b>2006</b>
	\$	\$
Interest	<u>127,757</u>	<u>65,815</u>

The charges for long term liabilities assumed by the non-consolidated entities or by individuals in the case of tile drainage loans are not reflected in these statements.

**9. Municipal Position**

a) The operating fund balance of \$13,179 (2006 - \$202,025) is comprised of accumulated equity from the following sources:

	<b>2007</b>	<b>2006</b>
	\$	\$
Revenue Fund	4,027	195,133
Norwich Business Improvement Area	9,152	6,892
	<u>13,179</u>	<u>202,025</u>

b) The capital fund balance of \$163,575 (2006 - \$(375,260)) is comprised of the following:

	<b>2007</b>	<b>2006</b>
	\$	\$
Capital Expenditures to be Recovered from Taxation and User Charges	(1,833)	----
Unexpended Capital Financing	579,726	620,086
Expenditures to be Recovered from Benefiting Land Owners	(414,318)	(995,346)
	<u>163,575</u>	<u>(375,260)</u>

**Township of Norwich**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2007**

**9. Municipal Position - continued**

c) The total balance of reserves and reserve funds of \$2,315,399 (2006 - \$2,247,190) is comprised of the following:

	2007	2006
	\$	\$
Reserves Set Aside for Specific Purpose by Council:		
Working Capital	202,300	202,300
Insurance	19,367	27,910
Tax Rate Stabilization	1,079,442	1,079,442
Future Capital Expenditures	945,202	878,381
Cemeteries	6,788	6,788
Libraries	1,500	1,000
Medical Centre	28,200	28,200
	2,282,799	2,224,021
Reserve Funds Set Aside for Specific Purpose by Council:		
Disaster Relief	23,806	22,806
Parking	8,794	363
	32,600	23,169
	2,315,399	2,247,190

**10. Liability for Vested Sick Leave Benefits**

The Township of Norwich has entered into a Long Term Disability Plan whereby sick leave benefits no longer accrue. Previously accrued benefits have been paid to employees.

**11. Pension Agreements**

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

The amount contributed to OMERS for 2007 was \$90,876 (2006 - \$87,467) for current service and is included as an expenditure on the Consolidated Statement of Operations. As at December 31, 2007, the municipality had no past service obligations to the plan.

**12. 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. As such, they are not directly comparable with current year actual amounts and budgets have therefore not been reflected on the Consolidated Statement of Operations.

**Township of Norwich**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2007**

**13. Public Sector Salary Disclosure Act**

No employees of the municipality or its local boards were paid a salary of \$100,000 or more during 2007 as defined in the Public Sector Salary Disclosure Act.

**14. Financial Instruments**

Financial instruments consist of bank, taxes receivable, accounts receivable, other current assets, mortgages receivable, investment in Erie Thames Power Corporation, accounts payable and accrued liabilities, other current liabilities, and long term liabilities.

**a) Fair Value**

Bank, short term investments, taxes receivable, accounts receivable, other current assets, mortgages receivable, accounts payable and accrued liabilities, and other current liabilities are all short term in nature and as such, their carrying values approximate fair value.

The fair value of the investment in Erie Thames Power Corporation has not been determined as there is no ready market for this financial instrument.

Long term liabilities are at prevailing market rates and therefore approximate their fair value.

**b) Interest Risk**

The Township of Norwich's long term liabilities are at a fixed interest rate and as such, are not exposed to interest rate risks arising from fluctuations in prime rates.

**15. Comparative Figures**

Certain prior year figures have been adjusted to conform with the 2007 financial statement presentation.

**MILLARD, ROUSE & ROSEBRUGH LLP**  
**CHARTERED ACCOUNTANTS**

85 ROBINSON STREET  
SIMCOE, ONTARIO

**AUDITORS' REPORT**

**To the Members of Council, Inhabitants and Ratepayers of the  
Corporation of the Township of Norwich**

We have audited the trust funds balance sheets of the Corporation of the Township of Norwich as at December 31, 2007 and the trust funds statements of continuity for the year then ended. These financial statements are the responsibility of 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 Township of Norwich as at December 31, 2007 and the continuity of those funds for the year then ended in accordance with Canadian generally accepted accounting principles.



Simcoe, Ontario  
April 28, 2008

Chartered Accountants  
Licensed Public Accountants

**Township of Norwich  
Trust Funds Balance Sheets  
For the year ended December 31, 2007**

	Otterville Estates Security Deposits \$	Guarantee Deposits \$	Pioneer Cemetery Perpetual Care \$	Rosanna Cemetery Perpetual Care \$	Milldale Cemetery Perpetual Care \$	Old Quaker Cemetery Perpetual Care \$	Total 2007 \$	Total 2006 \$
<b>Assets</b>								
Bank	---	2,084	31,881	12,390	14,918	1,146	62,419	58,465
Investments - Note 2	42,599	---	---	---	---	---	42,599	40,936
Due (to) from Revenue Fund	---	16,916	---	---	---	---	16,916	12,923
	42,599	19,000	31,881	12,390	14,918	1,146	121,934	112,324
<b>Liabilities</b>								
Due to Cemetery Boards	---	---	10,452	6,497	7,253	46	24,248	21,901
<b>Trust Fund Balance</b>	42,599	19,000	21,429	5,893	7,665	1,100	97,686	90,423
	42,599	19,000	31,881	12,390	14,918	1,146	121,934	112,324

The accompanying notes are an integral part of these financial statements

**Township of Norwich**  
**Trust Funds Statements of Continuity**  
**For the year ended December 31, 2007**

	Otterville Estates Security Deposits \$	Guarantee Deposits \$	Pioneer Cemetery Perpetual Care \$	Rosanna Cemetery Perpetual Care \$	Milldale Cemetery Perpetual Care \$	Old Quaker Cemetery Perpetual Care \$	Total 2007 \$	Total 2006 \$
<b>Receipts</b>								
Interest	1,663	84	1,252	497	593	46	4,135	3,677
Perpetual Care	---	---	1,100	---	500	---	1,600	1,850
Deposits Received	---	4,000	---	---	---	---	4,000	7,000
	1,663	4,084	2,352	497	1,093	46	9,735	12,527
<b>Disbursements</b>								
Transfer to Others	---	---	---	---	---	---	---	7,000
Transfer to Cemetery Board	---	---	1,252	497	593	46	2,388	2,054
Transfer to Township	---	84	---	---	---	---	84	77
Transfer to Province of Ontario	---	---	---	---	---	---	---	1,744
	---	84	1,252	497	593	46	2,472	10,875
<b>Net Receipts for the Year</b>	1,663	4,000	1,100	---	500	---	7,263	1,652
<b>Trust Fund Balance - beginning of year</b>	40,936	15,000	20,329	5,893	7,165	1,100	90,423	88,771
<b>Trust Fund Balance - end of year</b>	42,599	19,000	21,429	5,893	7,665	1,100	97,686	90,423

The accompanying notes are an integral part of these financial statements

**Township of Norwich**  
**Notes to the Trust Funds Financial Statements**  
**For the year ended December 31, 2007**

**1. Summary of Significant Accounting Policies**

The financial statements reflect the day to day operations of the Trust Funds, under administration by the Corporation of the Township of Norwich. The Trust Funds' receipts, disbursements, assets and liabilities are not included in the Township's consolidated financial statements.

The financial statements of the Trust Funds are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment.

**a) Basis of Accounting**

Income is reported on the cash basis of accounting except for perpetual care payments received by the cemetery board that have yet to be transferred to the trust account. Expenditures are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**b) Investments**

Investments are recorded at the lower of cost and fair market value.

**2. Investments**

Investments are held in One Fund, a public sector money market fund and are carried at fair market value.

**3. Statement of Cash Flows**

A statement of cash flows has not been included as part of the financial statements as it would not provide any additional information that would be of use to the users of these financial statements.

# **Norwich Business Improvement Area**

**Financial Statements**  
December 31, 2007

**MILLARD, ROUSE & ROSEBRUGH LLP**  
**CHARTERED ACCOUNTANTS**

85 ROBINSON STREET  
SIMCOE, ONTARIO

**AUDITORS' REPORT**

**To the Members of the  
Norwich Business Improvement Area**

**We have audited the statement of financial position of the Norwich Business Improvement Area as at December 31, 2007 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the organization'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 Norwich Business Improvement Area as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.**

**Simcoe, Ontario  
April 28, 2008**



**Chartered Accountants  
Licensed Public Accountants**

**Norwich Business Improvement Area  
Statement of Financial Position  
As at December 31, 2007**

	2007 \$	2006 \$
<b>Assets</b>		
Bank	9,152	4,192
Due from Township of Norwich	----	2,700
	<u>9,152</u>	<u>6,892</u>
<b>Net Assets</b>		
Unrestricted	<u>9,152</u>	<u>6,892</u>

**Norwich Business Improvement Area  
Statement of Operations and Changes in Net Assets  
For the year ended December 31, 2007**

	2007 \$	2006 \$
<b>Revenue</b>		
Tax Levy	9,000	5,400
Donation	2,000	----
Investment Income	4	2
Fees and Service Charges	2,041	5,793
	<u>13,045</u>	<u>11,195</u>
<b>Expenses</b>		
Beautification and Capital	6,484	6,315
Promotions and Advertising	3,717	3,144
Administration	584	635
	<u>10,785</u>	<u>10,094</u>
<b>Excess of Revenue over Expenses for the Year</b>	<u>2,260</u>	<u>1,101</u>
<b>Net Assets - beginning of year</b>	<u>6,892</u>	<u>5,791</u>
<b>Net Assets - end of year</b>	<u>9,152</u>	<u>6,892</u>

The accompanying notes are an integral part of these financial statements

**Norwich Business Improvement Area  
Notes to the Financial Statements  
For the year ended December 31, 2007**

**1. Accounting Policies**

The financial statements of the Norwich Business Improvement Area are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities and their local boards by the Ministry of Municipal Affairs and Housing and by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent on future events, the preparation of periodic statements necessarily involves the use of estimates and approximations. These have been made using careful judgment.

**a) Basis of Accounting**

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

**b) Land, Buildings and Equipment**

The historical cost and accumulated depreciation for land, buildings and equipment are not recorded for municipal purposes. Purchases of land, buildings and equipment are reported as an expenditure on the Statement of Operations in the year of acquisition. For those capital assets financed or to be financed by the issue of long term liabilities, the principal and interest on the long term indebtedness are also reported on the Statement of Operations as they are paid.

**2. Statement of Cash Flows**

A statement of cash flows has not been included as part of the financial statements as it would not provide any additional information that would be of use to the users of these financial statements.