

**CORPORATION OF THE
COUNTY OF NORTHUMBERLAND
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2007**

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CONSOLIDATED FINANCIAL STATEMENTS
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THE CORPORATION OF THE COUNTY OF NORTHUMBERLAND

For The Year Ended December 31, 2007

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Northumberland 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 County 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 County's assets are appropriately accounted for and adequately safeguarded.

The County'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 County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Northumberland. 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 financial statements and the external auditor's report.

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

Warden 

Date July 16 2008

Acting Treasurer 

Date July 16, 2008

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE COUNTY OF NORTHUMBERLAND

We have audited the consolidated statement of financial position of the Corporation of the County of Northumberland 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 County'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 County 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
April 11, 2008

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2007

	2007 \$	2006 \$
ASSETS		
FINANCIAL ASSETS		
Cash	2,931,379	879,263
Trade and other receivables	4,830,852	5,134,628
Other	231,555	531,629
TOTAL ASSETS	7,993,786	6,545,520
LIABILITIES AND MUNICIPAL POSITION		
LIABILITIES		
Temporary borrowings	-	966,276
Accounts payable	8,364,022	6,954,227
Long term debt (Note 2)	12,177,120	396,336
Landfill closure and post-closure liability (Note 3)	4,821,409	3,204,793
	25,362,551	11,521,632
MUNICIPAL POSITION		
Fund Balances (Note 4)		
Current fund	4,279	(175,483)
Capital fund	(4,486,733)	(4,543,831)
Reserves (see Schedule page 14)	4,112,218	3,344,331
	(370,236)	(1,374,983)
Amounts to be recovered		
Long term debt	(12,177,120)	(396,336)
Landfill closure and post-closure liability	(4,821,409)	(3,204,793)
	(16,998,529)	(3,601,129)
	(17,368,765)	(4,976,112)
TOTAL LIABILITIES AND MUNICIPAL POSITION	7,993,786	6,545,520

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

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

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
REVENUES			
Requisition on local municipalities	34,525,774	34,613,322	33,185,017
User charges	9,731,162	9,612,839	8,661,586
Government of Canada	2,868,950	2,273,209	2,681,525
Province of Ontario	21,535,584	19,994,372	19,747,381
Provincial Offences Act charges	1,290,000	1,462,784	1,288,819
Rents	1,962,550	1,936,722	1,889,049
Investment income	54,751	49,928	180,885
Donations	-	33,542	24,624
Other grants and recoveries	783,688	837,072	873,729
TOTAL REVENUES	72,752,459	70,813,790	68,532,615
EXPENDITURES			
General government	3,454,876	12,543,467	4,606,443
Protection to persons and property	1,007,622	937,730	895,063
Transportation services	12,691,165	13,498,591	17,306,375
Environmental services	8,573,078	11,762,541	7,986,356
Health services	8,495,555	8,123,667	9,065,023
Social and family services	28,106,940	29,140,141	26,630,878
Social housing	8,811,130	6,338,974	5,746,964
Tourism and forest	965,984	861,332	745,824
TOTAL EXPENDITURES	72,106,350	83,206,443	72,982,926
NET REVENUES/(EXPENDITURES)	646,109	(12,392,653)	(4,450,311)
INCREASE (DECREASE) IN AMOUNTS TO BE RECOVERED			
Long term debt incurred	1,200,000	11,998,500	-
Debt principal repayments	(1,113,675)	(217,716)	(628,422)
Landfill closure and post-closure liability	-	1,616,616	(460,637)
	86,325	13,397,400	(1,089,059)
INCREASE (DECREASE) IN FUND BALANCES	732,434	1,004,747	(5,539,370)
OPENING FUND BALANCES	(1,199,500)	(1,374,983)	4,164,387
CLOSING FUND BALANCES	(467,066)	(370,236)	(1,374,983)

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

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

	2007 \$	2006 \$
OPERATIONS		
Net revenues/(expenditures)	(12,392,653)	(4,450,311)
(Uses) Sources:		
(Increase) decrease in trade and other receivables	303,776	165,751
(Increase) decrease in other assets	300,074	(13,176)
Increase (decrease) in accounts payable	1,409,795	1,783,270
Increase (decrease) in deferred revenue	-	(752,081)
Increase (decrease) in landfill closure and post-closure liability	1,616,616	(460,637)
Net increase (decrease) in cash from operations	(8,762,392)	(3,727,184)
FINANCING		
Long term debt incurred	11,998,500	-
Debt principal repayments	(217,716)	(628,422)
	11,780,784	(628,422)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,018,392	(4,355,606)
OPENING CASH AND CASH EQUIVALENTS	(87,013)	4,268,593
CLOSING CASH AND CASH EQUIVALENTS	2,931,379	(87,013)
REPRESENTED BY:		
Cash	2,931,379	879,263
Temporary borrowings	-	(966,276)
	2,931,379	(87,013)

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

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

The County of Northumberland is an upper 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 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. Significant aspects of the accounting policies are as follows:

Reporting Entity

These 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 County and which are controlled by the County. These financial statements include:

- . Northumberland County Housing Corporation

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

Fund Accounting

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

Trust Funds and their related operations administered by the County are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

Recognition of Revenues and Expenditures

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenditures are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Capital Assets

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

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

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1. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Reserves

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

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the funding occur, providing the funding is 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 on such areas as allowance for doubtful accounts and landfill closure and post-closure liability. 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 County's best information and judgment. Actual results could differ from these estimates.

Financial Instruments

The County's financial instruments consist of cash, investments, accounts receivable, temporary borrowings, accounts payable and long term debt. It is management's opinion that the fair market values of financial instruments are not materially different from their carrying value unless otherwise noted. The County does not have any significant concentration of currency or credit risks.

2. 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:		
Long term bank loan, due July 2012, repayable in blended monthly instalments of \$4,030 and bears interest at 5.072% per annum.	367,347	396,336
Long term bank loan, due September 2017, repayable in monthly principal instalments of \$32,428, plus interest at 4.93% per annum.	9,631,215	-
Ontario Strategic Infrastructure Financing Authority (OSIFA) due January 2017, repayable in blended semi annual instalments of \$141,723 and bears interest at 4.43% per annum.	2,178,558	-
	12,177,120	396,336

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

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2. **LONG TERM DEBT - (Continued)**

- (b) Of the long term debt reported in (a) of this note principal and interest payments, based on the existing terms, are payable as follows:

	Principal \$	Interest \$	Total \$
2008	608,772	578,254	1,187,026
2009	618,813	548,981	1,167,794
2010	629,312	519,297	1,148,609
2011	640,292	489,133	1,129,425
2012	849,421	454,138	1,303,559
2013 to 2017	8,830,510	1,717,636	10,548,146
	12,177,120	4,307,439	16,484,559

- (c) The long term debt in (a) issued in the name of the County 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.

3. **LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

The liability for landfill closure and post-closure costs of \$ 4,821,409 (2006 - \$3,204,793) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the County's two operational sites and the eight closed sites the County has obtained from the lower tier municipalities by way of a settlement process, see Note 11. There are still some sites that have not been settled by December 31, 2007 and these sites have not been included in this liability. The closure costs include final cover, vegetation, land acquisition and additional monitoring wells. Post-closure costs include monitoring and consulting fees for 25 years after the sites are closed. The landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfills. The total discounted future cash flows at December 31 for closure and post-closure costs is estimated at \$5,219,806 (2006 - \$3,448,800). The remaining capacity of the two operational landfill sites is estimated at 160,088 tonnes (2006 - 134,563 tonnes), which is 27% (2006 - 22%) of the sites' total capacity. The liability is calculated based on the capacity of the sites utilized to the end of the current year. The landfills are expected to reach their capacity in 2009 and 2014.

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

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4. MUNICIPAL POSITION AT THE END OF THE YEAR

The municipal position is comprised of the following:

	2007 \$	2006 \$
Current Fund		
For general reduction (increase) of taxation and user charges: County	4,279	(175,483)
Capital Fund		
General government - corporate headquarters	(1,225,711)	(1,906,765)
Transportation services	-	(1,069,990)
Environmental services	(2,388,587)	(1,407,829)
Golden Plough Lodge - Blacklock wing	(872,435)	(159,247)
	(4,486,733)	(4,543,831)
Reserves (see Schedule page 14)	4,112,218	3,344,331
	(370,236)	(1,374,983)

5. 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	23,228,035	23,449,230	22,133,768
Debt interest charges	103,471	278,695	44,589
Materials	13,295,958	13,459,820	12,169,778
Contracted services	4,500,490	6,232,702	4,073,535
Rents and financial expenses	277,789	248,853	322,902
External transfers	19,949,887	20,150,181	18,091,627
	61,355,630	63,819,481	56,836,199

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

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6. PENSION AGREEMENTS

The County 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 that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions of \$1,068,227 (2006 - \$985,654) were required on account of current service.

7. TRUST FUNDS

The trust funds administered by the County amounting to \$221,916 (2006 - \$188,175) have not been included in the Consolidated Statement of Financial Position nor have its operations been included in the Consolidated Statement of Financial Activities. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or financial activities.

8. 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. Budget figures are not subject to audit.

9. 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 County, 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 County has undertaken an inventory of 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 County has prepared draft accounting policies for tangible capital assets and is in the process of reviewing and approving these policies. The approval and implementation of these accounting policies will be completed in adequate time to allow for recognition of the County's tangible capital assets on the consolidated statement of financial position for the year ending December 31, 2009.

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

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10. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$7,500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less .50% per annum. Council authorized the temporary borrowing limit for 2007 by By-law 02-07. At December 31, 2007 there was a balance outstanding of \$Nil.

11. COMMITMENTS

The County assumed the assets and liabilities of the waste management systems of the lower tier municipalities on January 1, 1991 according to by-law 24-90. This by-law was passed pursuant to subsection 209(a) of the Municipal Act of the Province of Ontario which required the County to pay or to receive from the lower tier municipalities' compensation based upon the discounted future cash flows of the landfill site. The County is involved with ongoing negotiations with respect to the settlements for further sites.

In March 2008, the County received debenture financing of \$2,271,061 from the Ontario Strategic Infrastructure Financing Authority (OSIFA) toward certain capital projects.

12. LEGAL MATTERS

The County of Northumberland, in the course of its operations, is subject to claims, lawsuits and contingencies. The County records settlements as liabilities in the period they are reasonably determined. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the County does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position.

13. SOCIAL HOUSING

The Northumberland County Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province's overall initiative to devolve Social Housing to local municipalities. The Corporation currently provides subsidized housing to its tenants and their families.

As the Service Manager, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 14 properties and certain head office assets to the Corporation. The properties transferred carried the following restriction:

“The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped, or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing.”

For the purposes of these consolidated financial statements, the properties and head office assets transferred are carried at nominal value.

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

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
REVENUES			
Requisition on local municipalities	34,525,774	34,613,322	33,185,017
User charges	9,731,162	9,612,839	8,661,586
Government of Canada	1,393,621	982,680	982,680
Province of Ontario	21,062,918	19,706,506	19,404,670
Provincial Offences Act charges	1,290,000	1,462,784	1,288,819
Rents	1,962,550	1,936,722	1,889,049
Investment income	54,751	49,928	180,885
Donations	-	33,542	24,624
Waste Diversion Ontario grant	783,688	837,072	706,270
TOTAL REVENUES	70,804,464	69,235,395	66,323,600
EXPENDITURES			
General government	3,254,876	3,392,750	2,542,928
Protection to persons and property	1,007,622	937,730	885,670
Transportation services	6,191,745	6,921,944	5,719,403
Environmental services	8,115,778	10,002,210	7,596,823
Health services	8,170,555	7,827,999	8,648,587
Social and family services	27,906,940	28,262,380	25,299,186
Social housing	5,742,130	5,613,136	5,397,778
Tourism and forest	965,984	861,332	745,824
TOTAL EXPENDITURES	61,355,630	63,819,481	56,836,199
NET REVENUES/(EXPENDITURES)	9,448,834	5,415,914	9,487,401
FINANCING AND TRANSFERS			
Transfers to reserves	(345,000)	(767,887)	(701,359)
Transfers to capital fund	(7,990,159)	(5,867,165)	(8,248,720)
Debt principal repayments	(1,113,675)	(217,716)	(628,422)
Landfill closure and post-closure liability	-	1,616,616	(460,637)
NET FINANCING AND TRANSFERS	(9,448,834)	(5,236,152)	(10,039,138)
CHANGE IN CURRENT FUND BALANCE	-	179,762	(551,737)
OPENING CURRENT FUND BALANCE	-	(175,483)	376,254
CLOSING CURRENT FUND BALANCE	-	4,279	(175,483)

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

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
REVENUES			
Province of Ontario	472,666	287,866	342,711
Government of Canada	472,667	287,867	194,683
Federal gas tax	1,002,662	1,002,662	1,504,162
Other recoveries	-	-	167,459
TOTAL REVENUES	1,947,995	1,578,395	2,209,015
EXPENDITURES			
General government	200,000	9,150,717	2,063,515
Protection to persons and property	-	-	9,393
Transportation services	6,499,420	6,576,647	11,586,972
Environmental services	457,300	1,760,331	389,533
Health services	325,000	295,668	416,436
Social and family services	200,000	877,761	1,331,692
Social housing	3,069,000	725,838	349,186
TOTAL EXPENDITURES	10,750,720	19,386,962	16,146,727
NET REVENUES/(EXPENDITURES)	(8,802,725)	(17,808,567)	(13,937,712)
FINANCING AND TRANSFERS			
Proceeds from long term debt	1,200,000	11,998,500	-
Transfers from current fund	7,990,159	5,867,165	8,248,720
Transfers from reserves	-	-	2,869,990
NET FINANCING AND TRANSFERS	9,190,159	17,865,665	11,118,710
CHANGE IN CAPITAL FUND BALANCE	387,434	57,098	(2,819,002)
OPENING CAPITAL FUND BALANCE	(4,543,831)	(4,543,831)	(1,724,829)
CLOSING CAPITAL FUND BALANCE	(4,156,397)	(4,486,733)	(4,543,831)

CONSOLIDATED SCHEDULE OF RESERVES
For The Year Ended December 31, 2007

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
NET TRANSFERS FROM (TO) OTHER FUNDS			
Current fund	345,000	767,887	701,359
Capital fund	-	-	(2,869,990)
TOTAL NET TRANSFERS	345,000	767,887	(2,168,631)
CHANGE IN FUND BALANCE	345,000	767,887	(2,168,631)
OPENING FUND BALANCE	3,344,331	3,344,331	5,512,962
CLOSING FUND BALANCE	3,689,331	4,112,218	3,344,331

ANALYZED AS FOLLOWS:

Reserves set aside for a specific purpose
by Council

. for reforestation	159,876	159,876
. for Golden Plough Lodge	19,066	54,925
. for working funds	778,277	698,277
. for public works	14,150	14,150
. for insurance deductible	16,292	22,442
. for social housing	1,437,623	1,126,323
. for land ambulance	263,664	263,664
. for waste services	25,983	983
. for future employee benefits	1,373,287	1,003,691
. for social services	24,000	-
TOTAL RESERVES	4,112,218	3,344,331

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE COUNTY OF NORTHUMBERLAND

We have audited the statement of financial position of the Trust Funds of The Corporation of The County of Northumberland as at December 31, 2007 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many Municipal Homes for the Aged, the Trust Funds derive revenue from residents the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds and we were not able to determine whether any adjustments might be necessary to resident's deposits, excess of receipts over expenditures, assets and fund balances at the end of the year.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the Trust Funds receipts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
April 11, 2008

TRUST FUNDS
STATEMENT OF CONTINUITY
For The Year Ended December 31, 2007

	Total \$	Bequests \$	Safekeeping Pensioners \$
BALANCE AT THE BEGINNING OF THE YEAR	188,175	140,506	47,669
Revenue			
Personal contributions	202,906	-	202,906
Interest earned	20,715	18,334	2,381
	223,621	18,334	205,287
Expenditures			
Personal expenses	188,066	-	188,066
Maintenance - County home	1,814	-	1,814
	189,880	-	189,880
BALANCE AT THE END OF THE YEAR	221,916	158,840	63,076

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2007

	Total \$	Bequests \$	Safekeeping Pensioners \$
ASSETS			
Cash	63,841	765	63,076
Investments (Note 2)			
Other bonds and certificates	168,619	168,619	-
	232,460	169,384	63,076
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to County	10,544	10,544	-
FUND BALANCE			
Due to Residents	63,076	-	63,076
Bequests	158,840	158,840	-
	221,916	158,840	63,076
	232,460	169,384	63,076

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

CORPORATION OF THE COUNTY OF NORTHUMBERLAND**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2007**

1. 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.

Recognition of Revenues and Expenditures

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenditures are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

2. INVESTMENTS**Other Bonds and Certificates**

These investments are stated at cost, which approximates market value, and consist of investments in short term deposits.