

THE CORPORATION OF THE CITY OF OSHAWA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2007

	2007	2006
	\$	\$
ASSETS		
Financial Assets		
Cash and short-term deposits (Note 3)	60,825,584	68,717,442
Taxes receivable	7,557,112	4,952,728
Accounts receivable	6,013,092	6,641,270
Other assets	101,500	101,500
Investment in Oshawa Power and Utilities Corporation (Note 4)	31,755,000	28,600,000
Total	106,252,288	109,012,940
LIABILITIES		
Accounts payable and accrued liabilities	19,255,296	22,697,472
Deferred revenue (Note 5)	40,786,736	36,907,221
Employee future benefits and other liabilities (Note 6)	38,942,782	38,842,509
Long-term liabilities (Note 7)	100,930,309	103,680,335
Total	199,915,123	202,127,537
Net Financial Liabilities	(93,662,835)	(93,114,597)
Non-Financial Assets		
Inventory and prepaid expenses	786,786	240,122
Net Liabilities	(92,876,049)	(92,874,475)
MUNICIPAL POSITION		
Amounts to be recovered (Note 8)		
From reserves and reserve funds	(4,853,580)	(7,622,383)
From future revenues	(135,019,511)	(136,106,636)
Total	(139,873,091)	(143,729,019)
Fund Balances (Note 9)		
Current fund (Schedule 1)	93,187	98,121
Capital fund (Schedule 2)	(9,126,201)	(1,744,029)
Reserves (Schedule 3)	21,838,847	20,484,888
Reserve funds (Schedule 3)	2,436,209	3,415,564
Net equity in Oshawa Power and Utilities Corporation (Note 4)	31,755,000	28,600,000
Total	46,997,042	50,854,544
Total Municipal Position	(92,876,049)	(92,874,475)

Commitments (Note 14)

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

THE CORPORATION OF THE CITY OF OSHAWA
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
year ended December 31, 2007

	2007	2006
	\$	\$
REVENUE		
Property taxation	91,807,832	85,845,386
Taxation from other governments	2,470,426	2,578,413
User charges	7,045,008	8,187,522
Government grants	553,461	845,932
Contributions from developers - earned	7,503,334	3,405,840
Federal Gas Tax Revenue	1,807,401	1,355,703
Investment income	2,390,834	3,145,669
Penalties and interest on taxes	1,154,458	967,351
Licenses and permits	6,496,645	4,952,221
Fines	292,364	271,410
Other	3,150,188	5,646,591
Total Revenue	124,671,951	117,202,038
EXPENDITURES		
Current (Note 12)		
General government	20,160,271	18,254,339
Protection to persons and property	22,729,288	21,171,018
Transportation services	17,947,205	5,477,163
Environmental services	3,813,690	3,401,485
Health services	521,425	571,077
Social and family services	969,500	756,297
Recreation and cultural services	34,969,780	32,707,315
Planning and development services	4,431,791	4,432,412
Total Current Expenditures	105,542,950	86,771,106
Capital		
General government	2,689,521	1,614,373
Protection to persons and property	510,440	4,930,444
Transportation services	9,125,176	8,089,749
Environmental services	163,693	6,665,369
Health services	73,325	92,288
Social and family services	-	169,484
Recreation and cultural services	7,182,132	57,412,648
Planning and development services	4,087,952	4,912,976
Total Capital Expenditures	23,832,239	83,887,331
Total Expenditures	129,375,189	170,658,437
Increase in Net Financial Liabilities before net income from the Oshawa Power and Utilities Corporation	(4,703,238)	(53,456,399)
Oshawa Power and Utilities Corporation net income (Note 4)	4,155,000	4,214,000
Increase in Net Financial Liabilities	(548,238)	(49,242,399)
Increase/(Decrease) in inventory and prepaid expenses	546,664	(812,542)
Increase/(Decrease) in amounts to be recovered (Note 8)	(3,855,928)	11,129,215
Decrease in Fund Balances	(3,857,502)	(38,925,726)

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

THE CORPORATION OF THE CITY OF OSHAWA
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
year ended December 31, 2007

	2007	2006
	\$	\$
OPERATIONS		
Increase in net financial liabilities	(548,238)	(49,242,399)
Oshawa Power and Utilities Corporation net income, which does not involve cash	(4,155,000)	(4,214,000)
	(4,703,238)	(53,456,399)
Uses:		
Increase in accounts receivable	-	(937,643)
Increase in taxes receivable	(2,604,384)	-
Decrease in accounts payable and accrued liabilities	(3,442,176)	(4,840,517)
Decrease in employee future benefits and other liabilities	-	(7,501,366)
	(6,046,560)	(13,279,526)
Sources:		
Increase in employee future benefits and other liabilities	100,273	-
Decrease in accounts receivable	628,178	-
Decrease in taxes receivable	-	263,199
Increase in deferred revenue	3,879,515	8,707,109
	4,607,966	8,970,308
NET CHANGE IN CASH FROM OPERATIONS	(6,141,832)	(57,765,617)
FINANCING		
Long-term liabilities repaid	(2,750,026)	(3,049,419)
Long-term liabilities issued	-	21,680,000
Receipt of dividend from Oshawa Power and Utilities Corporation	1,000,000	6,936,000
FINANCING ACTIVITIES	(1,750,026)	25,566,581
DECREASE IN CASH AND SHORT-TERM DEPOSITS	(7,891,858)	(32,199,036)
Cash and short term deposits, beginning of year	68,717,442	100,916,478
CASH AND SHORT-TERM DEPOSITS, End of Year	60,825,584	68,717,442

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

**THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007**

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the City of Oshawa (the "City") are the representations of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the City are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards controlled by the City, except for the Oshawa Power and Utilities Corporation. These financial statements include:

Oshawa Public Library Board
Oshawa Central Business District Improvement Area

Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

The City's investment in the Oshawa Power and Utilities Corporation ("OPUC") is accounted for on the modified equity basis, consistent with generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of OPUC in its consolidated statement of financial activities with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from OPUC will be reflected as reductions in the investment asset account.

Fund Accounting

Funds within the consolidated financial statements consist of current, capital, reserves 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 City are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Fund Balance and the Trust Funds Statement of Financial Position.

**THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Sources of financing and expenditures are reported using the accrual basis of accounting.

The accrual basis of accounting recognizes revenue in the fiscal year in which transactions or events occurred that gave rise to the revenue and become 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.

Tangible Capital Assets

The historical cost and accumulated depreciation of tangible capital assets are not reported for municipal purposes. Expenditures made on tangible capital assets are reported as capital expenditures on the Consolidated Statement of Financial Activities in the fiscal year incurred.

Reserves and Reserve Funds

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

Government Transfers

Government transfers are recognized 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.

Deferred Revenue

The City receives development charge contributions, payments in lieu of parkland and gas tax funding under the authority of federal/provincial legislation and City by-laws. These funds by their nature are restricted in their use and until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal year they are expended. The City also receives revenue for user charges and fees which have been collected but for which the related services have yet to be performed. These amounts are also recorded as deferred revenue and will be recognized as revenues in the fiscal year the services are performed.

Taxation and Related Revenue

Property tax billings are prepared by the City based on an assessment roll provided by the Municipal Property Assessment Corporation ("MPAC"). All assessed property values in the City are established by MPAC based on a common valuation date.

**THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Income

Investment income earned on current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) is reported as revenue in the fiscal year earned. Investment income earned on development charges, parkland obligatory reserve funds and Federal Gas Tax reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

Post Employment Benefits

The present value of the cost of providing employees with future benefit programs is recognized as employees earn these entitlements through service.

Accounting for School Boards and Region of Durham Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the School Boards and Region of Durham are not reflected in the municipal fund balances of these financial statements.

Use of Estimates

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

2. OPERATIONS OF SCHOOL BOARDS AND THE REGION OF DURHAM

During 2007, requisitions were made by the School Boards and the Region of Durham requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>2007</u>			<u>2006</u>
	School Boards	Region	Total	Total
Property taxes	\$54,325,802	\$98,938,226	\$153,264,028	\$149,579,642
Taxation from other governments	-	747,262	747,262	761,935
Total amounts transferred	\$54,325,802	\$99,685,488	\$154,011,290	\$150,341,577

3. SHORT-TERM DEPOSITS

Short-term deposits of \$ 52,991,634 (2006 - \$60,723,260) included in Cash and short-term deposits approximate their market value and can readily be converted to cash.

**THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007**

4. INVESTMENT AND EQUITY IN OSHAWA POWER AND UTILITIES CORPORATION

In accordance with the requirements in Bill 35 (the Energy Competition Act, 1998), the City passed a transfer by-law, effective November 1, 2000, that transferred substantially all of the assets and liabilities of Oshawa Public Utilities Commission ("the Commission") to Oshawa Power and Utilities Corporation ("OPUC"). OPUC has carried on the former business of the Commission with all the rights, duties, obligations, and responsibilities. The City is the sole shareholder of the OPUC.

The City's investment in OPUC is as follows:

	2007	2006
Total Investment/Equity, beginning of year	\$28,600,000	\$31,322,000
Changes during year:		
Net income of OPUC	4,155,000	4,214,000
	32,755,000	35,536,000
Dividend received from OPUC	(1,000,000)	(6,936,000)
Total Investment/Equity, end of year	\$31,755,000	\$28,600,000

The City holds 1,000 common shares of the OPUC representing 100% of the outstanding shares. With Council approval, the proceeds from the current year dividend were transferred to the current fund with a corresponding reduction in equity in OPUC.

THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended December 31, 2007

4. INVESTMENT AND EQUITY IN OSHAWA POWER AND UTILITIES CORPORATION
(continued)

The following table provides condensed financial information in respect of the financial position of OPUC as at December 31, 2007 and its operations.

	2007	2006
Financial position		
Current assets	\$39,901,000	\$37,353,000
Capital assets	56,198,000	49,032,000
Deferred charges and other assets	1,389,000	630,000
Total assets	97,488,000	87,015,000
Current liabilities	17,634,000	16,267,000
Long-term liabilities	48,099,000	42,148,000
Total liabilities	65,733,000	58,415,000
Net assets	\$31,755,000	\$28,600,000

	Year Ended December 31, 2007	Year Ended December 31, 2006
Results of operations		
Revenue	\$99,884,000	\$93,866,000
Operating expenses	95,729,000	89,652,000
Income for the period	\$ 4,155,000	\$ 4,214,000
Dividend paid	\$ 1,000,000	\$ 6,936,000

Included in revenue above is \$3,823,541 (2006 - \$2,593,267) earned from the City for services provided. Operating expenses above include \$264,000 (2006 - \$264,000) paid to the City for net rent at 100 Simcoe Street, Oshawa, ON.

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2007	2006
Obligatory reserve funds		
Development charges	\$37,168,515	\$34,385,631
Parkland	513,221	627,422
Federal Gas Tax	1,541,011	885,715
Other	1,563,989	1,008,453
Total	\$40,786,736	\$36,907,221

THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007

5. DEFERRED REVENUE (continued)

Continuity of deferred revenue is as follows:

	2007	2006
Balance, beginning of year	\$36,907,221	\$28,200,112
Developer contributions collected	8,459,594	8,163,115
Federal Gas Tax	1,807,401	1,355,703
Contribution from Current Fund	200,000	200,000
Other collections	2,387,971	4,133,524
Interest earned	1,570,134	1,157,430
	14,425,100	15,009,772
Less:		
Developer contributions used in capital operations	8,018,027	2,412,527
Developer contributions used in reserve and reserve funds	-	505,016
Federal Gas Tax used	1,189,458	1,844,000
General deferred revenue used	1,338,100	1,541,120
	10,545,585	6,302,663
Balance, end of year	\$40,786,736	\$36,907,221

6. **EMPLOYEE FUTURE BENEFITS AND OTHER LIABILITIES**

Employee benefits, post employment and other liabilities are comprised of the following:

	2007	2006
Future payments required to WSIB	\$ 6,400,956	\$ 6,268,289
Accumulated sick leave benefit plan entitlements	5,979,434	5,927,274
Post employment benefits	25,209,246	25,257,428
Other liabilities	1,353,146	1,389,518
Total	\$38,942,782	\$38,842,509

(a) Future payments required to WSIB

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board ("WSIB") Act, the City has elected to be treated as a Schedule 2 employer and therefore remits payments to the WSIB as required to fund disability payments. The estimated liability reported in these financial statements is based on an actuarial valuation update completed March 31, 2008.

(b) Accumulated sick leave benefit plan entitlements

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employ. The estimated liability reported in these financial statements is based on an actuarial valuation update completed March 25, 2008.

**THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007**

6. EMPLOYEE FUTURE BENEFITS AND OTHER LIABILITIES (continued)

(c) Post employment benefits

The City makes available to qualifying employees certain non-pension retirement benefits for extended health care, and life insurance.

The accrued benefit liability and expense figures for the year ended December 31, 2007 are based on the results and assumptions determined by actuarial valuation update as at December 31, 2007.

The significant actuarial assumptions adopted in estimating the City's accrued post employment benefits liability are as follows:

Discount rate	5%
Future inflation rates	2% per annum
Medical benefit cost escalation	8% per year reducing to 4% per year over 12 years

Information about the City's employee benefits, post employment benefits and other liabilities is as follows:

Accrued benefit liability as at January 1, 2007	\$38,842,509
Current period service cost	767,483
Interest	1,606,269
Benefits paid	<u>(2,273,479)</u>
Accrued benefit liability as at December 31, 2007	<u>\$38,942,782</u>

The 2007 valuation produced an actuarial gain. The gain was realized due to a benefit plan change by the City which resulted in a reduction of health rates. The unamortized actuarial gains included in the year end liability are as follows:

Accrued benefit obligation	\$33,655,963
Unamortized actuarial gains	<u>3,933,673</u>
Liability for post employment benefits	<u>\$37,589,636</u>

The City has established reserve funds to mitigate the future impact of these obligations as detailed on the Consolidated Schedule of Reserves and Reserve Funds and Fund Balances. The balance of the WSIB reserve included in working funds, contingencies and other is \$ nil (2006 – \$ nil) and the balance of the sick leave reserve is \$573,295 (2006 - \$961,262).

**THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007**

7. LONG-TERM LIABILITIES

(a) Long-term liabilities are comprised of debentures issued by the Region of Durham for which the City has assumed responsibility for the payment of principal and interest charges. Interest rates vary from 3.65% to 9.25%.

(b) Future principal payments required for payment of net long-term liabilities are summarized as follows:

2008	2009	2010	2011	2012	Total
\$	\$	\$	\$	\$	\$
3,544,161	4,754,144	4,983,954	5,228,404	24,842,887	43,353,550
					Payable in 2013 to 2017
					15,182,382
					Payable in 2018 and thereafter
					<u>42,394,377</u>
					<u>100,930,309</u>

(c) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities issued by the Region of Durham for the City on or before December 31, 1992. Those issued after December 31, 1992 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs and Housing.

(d) Principal repaid on long-term liabilities in 2007 amounted to \$2,750,026 (2006 - \$3,049,419).

(e) Interest expense on long-term liabilities in 2007 amounted to \$5,708,474 (2006 - \$4,135,103).

8. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the City to raise funds in subsequent periods to finance unfunded liabilities.

	2007	2006
Employee future benefits and other liabilities	\$38,942,782	\$38,842,509
Long term liabilities	100,930,309	103,680,335
Forgivable loan recoverable	-	1,206,175
Total	\$139,873,091	\$143,729,019

THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007

9. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The City's fund balances are comprised of the following:

	2007	2006
For general reduction of taxation:		
Library Board	\$ 43,130	\$ 63,833
Business Improvement Area	50,057	34,288
Total	93,187	98,121
Unfinanced Capital Outlay	(9,126,201)	(1,744,029)
Reserves	21,838,847	20,484,888
Reserve Funds	2,436,209	3,415,564
Equity in Oshawa Power and Utilities Corporation	31,755,000	28,600,000
Total	\$46,997,042	\$50,854,544

10. PENSION AGREEMENTS

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all regular, full-time and eligible other-than-continuous full-time employees. 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 made by the City in 2007 amounted to \$3,599,851 (2006 - \$3,197,473).

11. TRUST FUNDS

Trust funds administered by the City amounting to \$840,006 (2006 - \$1,154,511) are presented separately in the Trust Fund Statement of Financial Activities and Fund Balance and Statement of Financial Position. As the City holds these funds in trust for the benefit of others, they are not included as part of the City's financial position or financial activities.

12. EXPENDITURES BY OBJECT

The following is a summary of the current expenditures reported on the Consolidated Statement of Financial Activities by object of expenditures:

	2007	2006
Salaries, wages and fringe benefits	\$ 67,209,392	\$ 54,759,852
Interest on long-term debt	5,708,474	4,135,103
Materials and supplies	28,334,884	25,356,252
Rents and financial expenses	939,602	105,598
Transfer payments	3,350,598	2,414,301
Total	\$105,542,950	\$86,771,106

THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
year ended December 31, 2007

13. CONTINGENCIES

The City of Oshawa, has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2007, and accordingly no provision has been made in these financial statements for any liability that may result.

14. COMMITMENTS

(a) The City has made a commitment to provide funding to the Oshawa General Hospital in the amount of \$350,000 per year for 10 years contingent upon annual approval by Oshawa City Council during the City's budget setting process. Annual payments of \$350,000 have been made from 1997 to 2005, inclusive, except for 2003 when no payment was made. In both 2006 and 2007, Council endorsed annual payments in the amount of \$175,000 to the hospital.

(b) Minimum payments under operating leases for computer equipment and software are as follows:

2008	\$ 588,900
2009	\$ 392,600
2010	\$ 196,300

(c) The City has contractual obligations for major capital projects of approximately \$ 3,468,000 (2006 - \$4,286,000).

15. GUARANTEES

The City's primary guarantees include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the City to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the City from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the City has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE CONSOLIDATED
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year ended December 31, 2007

16. BUDGET FIGURES

Oshawa City Council completes separate budget reviews for its current and capital budgets each year. The approved current budget for 2007 is reflected on the Consolidated Schedule of Current Fund Activities and Fund Balance. For capital spending, budgets are set for individual projects and funding for these projects is determined annually and made by transfers from reserves and reserve funds and by the application of applicable grants or other available funds. As many capital projects are carried out over one or more years, it is not practical to present annualized budget information on the Consolidated Schedule of Capital Fund Activities and Fund Balance. Budget figures have been reclassified for the purpose of these statements to comply with PSAB reporting principles.

17. TRANSFER OF TRANSIT

On January 1, 2006, the City transferred its responsibility for public transit services to the Region of Durham in accordance with Regional By-law #85-2004. Existing Transit employees became employees of the Region and the related assets and liabilities were transferred to the Region.

Negotiations between the City and the Region are still underway as to the ultimate realization of assets and assumption of liabilities by Durham Region Transit.

18. TANGIBLE CAPITAL ASSETS

For fiscal years commencing after January 1, 2009, the City will be required to report tangible capital assets in its financial statements in accordance with The Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants Section PS3150 – Tangible Capital Assets. The City is currently working toward obtaining the necessary information in order to comply with PS 3150. For 2007, Public Sector Guideline 7 required the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available. The city is currently working on a plan to implement PS 3150 but, as at December 31, 2007, the City does not have detailed tangible capital asset information to disclose. For the year ended December 31, 2007, tangible capital assets are recorded as expenditures when acquired.

THE CORPORATION OF THE CITY OSHAWA
CONSOLIDATED SCHEDULE OF CURRENT FUND FINANCIAL ACTIVITIES AND FUND BALANCE
year ended December 31, 2007

	Budget 2007 \$	Actual 2007 \$	Actual 2006 \$
	(unaudited-Note 16)		
REVENUE			
Property taxation	93,202,200	91,807,832	85,845,386
Taxation from other governments	2,363,600	2,470,426	2,578,413
User charges	7,430,100	7,045,008	8,187,522
Government grants	401,000	403,497	401,000
Investment income	1,416,600	1,592,975	2,593,158
Penalties and interest on taxes	1,150,000	1,154,458	967,351
Licenses and permits	5,706,400	6,496,645	4,952,221
Fines	226,000	292,364	271,410
Other	643,900	579,052	438,245
Total Revenue	112,539,800	111,842,257	106,234,706
EXPENDITURES			
General government	19,981,033	20,160,271	18,254,339
Protection to persons and property	23,810,900	22,729,288	21,256,782
Transportation services	18,633,090	17,947,205	5,391,399
Environmental services	4,250,000	3,813,690	3,401,485
Health services	555,100	521,425	571,077
Social and family services	969,500	969,500	756,297
Recreation and cultural services	36,131,210	34,969,780	32,707,315
Planning and development services	3,470,888	4,431,791	4,432,412
Total Expenditures	107,801,721	105,542,950	86,771,106
NET REVENUE	4,738,079	6,299,307	19,463,600
FINANCING AND TRANSFERS			
Forgivable loan recoverable	-	(1,206,175)	-
Debt principal repayments	-	(2,750,026)	(3,049,419)
Inventory and prepaid expenses	-	546,664	(812,542)
Employee future benefits and other liabilities	-	100,273	(7,501,366)
Allocation from equity in Oshawa Power and Utilities Corporation (Note 4)	1,100,000	1,000,000	6,936,000
Transfers to capital fund	(4,062,100)	(3,214,803)	(11,007,856)
Transfers to reserves and reserve funds	(1,874,100)	(780,174)	(4,243,621)
Total Financing and Transfers	(4,836,200)	(6,304,241)	(19,678,804)
CHANGE IN CURRENT FUND BALANCE	(98,121)	(4,934)	(215,204)
CURRENT FUND BALANCE, Beginning of Year	98,121	98,121	313,325
CURRENT FUND BALANCE, End of Year	-	93,187	98,121

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE CITY OF OSHAWA
CONSOLIDATED SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES AND FUND BALANCE
year ended December 31, 2007

	2007	2006
	\$	\$
REVENUE		
Contributions from developers - earned	7,400,084	2,900,824
Federal Gas Tax Revenue	1,807,401	1,355,703
Government grants	149,964	444,932
Donations	15,000	18,290
Other	149,767	2,229,096
Total Revenue	9,522,216	6,948,845
EXPENDITURES		
General government	2,689,521	1,614,373
Protection to persons and property	510,440	4,930,444
Transportation services	9,125,176	8,089,749
Environmental services	163,693	6,665,369
Health Services	73,325	92,288
Social and family services	-	169,484
Recreation and cultural services	7,182,132	57,412,648
Planning and development services	4,087,952	4,912,976
Total Expenditures	23,832,239	83,887,331
NET EXPENDITURES	(14,310,023)	(76,938,486)
FINANCING AND TRANSFERS:		
Financing - debenture proceeds	-	21,680,000
Current fund	3,214,803	11,007,856
Reserves and reserve funds	3,713,048	4,698,366
Total Financing and Transfers	6,927,851	37,386,222
CHANGE IN CAPITAL FUND BALANCE	(7,382,172)	(39,552,264)
CAPITAL FUND BALANCE, Beginning of Year	(1,744,029)	37,808,235
CAPITAL FUND BALANCE, End of Year	(9,126,201)	(1,744,029)

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE CITY OF OSHAWA
CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS AND FUND BALANCES
year ended December 31, 2007

	2007	2006
	\$	\$
REVENUE		
Contributions from developers - earned	103,250	505,016
Investment income	797,859	552,511
Other	2,406,369	2,960,960
Total Revenue	3,307,478	4,018,487
NET REVENUE	3,307,478	4,018,487
TRANSFERS:		
Current fund	780,174	4,243,621
Capital fund	(3,713,048)	(4,698,366)
Net Transfers	(2,932,874)	(454,745)
CHANGE IN RESERVES AND RESERVE FUNDS BALANCE	374,604	3,563,742
RESERVES AND RESERVE FUNDS BALANCE, Beginning of Year	23,900,452	20,336,710
RESERVES AND RESERVE FUND BALANCE, End of Year	24,275,056	23,900,452
ANALYZED AS FOLLOWS:		
Reserves set aside for specific purposes by Council for:		
Acquisition of capital assets	7,602,481	5,762,879
Debt management and capital	134,704	219,149
Vested sick leave benefits	203,088	1,763,849
Working funds, contingencies and other	13,898,574	12,739,011
Total Reserves	21,838,847	20,484,888
Reserve Funds set aside for specific purpose by Council for:		
Industrial services	796,925	995,111
Acquisition of capital assets	1,639,284	2,420,453
Total Reserve Funds	2,436,209	3,415,564
TOTAL RESERVES AND RESERVE FUNDS	24,275,056	23,900,452

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE CITY OF OSHAWA

TRUST FUNDS

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCE

year ended December 31, 2007

	2007					2006
	Sub-Dividers Deposits \$	Builders Damage Deposits \$	Union Cemetery \$	Candidate Surplus Funds \$	Total \$	Total \$
REVENUES						
Deposits	-	51,576	27,381	3,624	82,581	56,819
Interest	14,789	-	-	106	14,895	23,992
Perpetual care	-	-	3,000	-	3,000	2,921
	14,789	51,576	30,381	3,730	100,476	83,732
EXPENDITURES						
Builders Damage Deposits Used	-	220	-	-	220	-
Refunds	61,681	16,865	-	-	78,546	14,630
Net Revenues/(Expenditures)	(46,892)	34,491	30,381	3,730	21,711	69,102
TRANSFERS						
Transfers from/(to) Revenue Fund - City of Oshawa	-	-	(10,700)	-	(10,700)	(9,428)
Transfers from/(to) Capital Fund	341,172	5,885	(142)	-	346,915	21,474
	341,172	5,885	(10,842)	-	336,215	12,046
CHANGE IN FUND BALANCE	(388,064)	28,606	41,223	3,730	(314,504)	57,056
FUND BALANCE, Beginning of Year	640,136	173,527	340,848	-	1,154,511	1,097,455
FUND BALANCE, End of Year	252,072	202,133	382,071	3,730	840,006	1,154,511

STATEMENT OF FINANCIAL POSITION

December 31, 2007

	2007					2006
	Sub-Dividers' Deposits \$	Builders' Damage Deposits \$	Union Cemetery \$	Candidate Surplus Funds \$	Total \$	Total \$
FINANCIAL ASSETS						
Cash and accrued interest	252,072	202,133	382,071	3,730	840,006	1,154,511
FUND BALANCE	252,072	202,133	382,071	3,730	840,006	1,154,511

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

**THE CORPORATION OF THE CITY OF OSHAWA
NOTES TO THE TRUST FUNDS
FINANCIAL STATEMENTS
year ended December 31, 2007**

1. SIGNIFICANT ACCOUNTING POLICY

The financial statements of the Trust Funds of the Corporation of the City of Oshawa are the representations of management prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Basis of Accounting

Revenues are recorded in the year in which the transactions or events occurred that gave rise to the revenue.

Expenditures are recorded in the year the goods and services are acquired and a liability is incurred. Refunds are reported in the period issued.

Investments – DELETE

Investments are recorded at cost. The cost of investments approximates their fair market value.

Use of Estimates

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 amount of revenues and expenditures during the year. Actual results could differ from these estimates.

2. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.