

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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Chartered Accountants
and Business Advisors

AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of
the Township of East Garafraxa

We have audited the consolidated statement of financial position of the Corporation of the Township of East Garafraxa as at December 31, 2006 and the consolidated statements of current fund activities and capital fund activities for the year then ended. These financial statements are the responsibility of the municipality. 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 the municipality, 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 East Garafraxa as at December 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

RLB LLP

Guelph, Ontario
March 30, 2007

Chartered Accountants
Licensed Public Accountants

**TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2006**

	2006	2005
ASSETS		
UNRESTRICTED		
Bank	\$ 586,351	\$ 383,196
Taxes receivable	634,993	539,494
Accounts receivable and other current assets	151,975	130,859
Due from reserve funds	0	33,570
Advance receivable	<u>12,000</u>	<u>12,000</u>
	<u>1,385,319</u>	<u>1,099,119</u>
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	<u>83,023</u>	<u>87,427</u>
RESTRICTED		
Bank	700,030	570,903
Short term investment	158,170	155,060
Due from current fund	23,582	0
Long term loan receivable from current fund (note 4)	<u>83,023</u>	<u>87,427</u>
	<u>964,805</u>	<u>813,390</u>
	<u>\$ 2,433,147</u>	<u>\$ 1,999,936</u>
LIABILITIES		
UNRESTRICTED		
Accounts payable and accrued liabilities	312,224	411,091
Due to reserve funds	<u>23,582</u>	<u>0</u>
	<u>335,806</u>	<u>411,091</u>
RESTRICTED		
Due to current fund	<u>0</u>	<u>33,570</u>
NET LONG TERM LIABILITIES (note 4)	<u>83,023</u>	<u>87,427</u>
FUND BALANCES AT THE END OF THE YEAR		
UNRESTRICTED		
To be used to offset (increase) taxation or user charges (note 5)	72,972	92,976
Reserves (note 6)	<u>976,541</u>	<u>595,052</u>
	<u>1,049,513</u>	<u>688,028</u>
RESTRICTED		
Reserve funds (note 6)	<u>964,805</u>	<u>779,820</u>
	<u>\$ 2,433,147</u>	<u>\$ 1,999,936</u>

the accompanying notes are an integral part of this financial statement

**TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CURRENT FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

REVENUES:	BUDGET 2006 (note 9)	ACTUAL 2006	ACTUAL 2005
TAXATION AND USER CHARGES			
Residential and farm taxation	\$ 1,376,679	\$ 1,405,051	\$ 1,313,891
Commercial and industrial taxation	58,931	59,008	61,883
Taxation from other governments	9,500	9,488	9,488
Sewer and water service charges	0	112,823	49,324
Licences and permits	<u>10,000</u>	<u>10,080</u>	<u>73,724</u>
	<u>1,455,110</u>	<u>1,596,450</u>	<u>1,508,310</u>
GRANTS			
Province of Ontario	363,088	343,916	390,962
Government of Canada	21,586	21,586	21,586
County of Dufferin	<u>0</u>	<u>43,172</u>	<u>0</u>
	<u>384,674</u>	<u>408,674</u>	<u>412,548</u>
OTHER			
Other municipalities - fees	6,000	6,000	6,000
Fees and service charges	152,700	182,458	158,765
Penalties and interest	70,000	81,101	72,362
Investment income	<u>6,000</u>	<u>25,640</u>	<u>3,466</u>
	<u>234,700</u>	<u>295,199</u>	<u>240,593</u>
	<u>2,074,484</u>	<u>2,300,323</u>	<u>2,161,451</u>
EXPENDITURES:			
CURRENT OPERATIONS			
General government	388,390	388,163	354,219
Protection to persons and property	341,123	346,262	305,023
Transportation services	810,800	824,273	807,154
Environmental services	132,850	169,148	182,870
Health services	14,120	14,122	17,115
Recreation and cultural services	121,101	102,797	95,176
Planning and development	<u>72,665</u>	<u>64,692</u>	<u>46,490</u>
	<u>1,881,049</u>	<u>1,909,457</u>	<u>1,808,047</u>
NET REVENUE	193,435	390,866	353,404
Net interfund transfers			
To capital fund	(43,000)	(56,362)	(66,170)
From reserve funds	138,078	26,981	35,827
To reserves	<u>(381,489)</u>	<u>(381,489)</u>	<u>(220,000)</u>
CHANGE IN CURRENT FUND	(92,976)	(20,004)	103,061
OPENING BALANCE	<u>92,976</u>	<u>92,976</u>	<u>(10,085)</u>
CLOSING BALANCE	<u>\$ 0</u>	<u>\$ 72,972</u>	<u>\$ 92,976</u>

the accompanying notes are an integral part of this financial statement

**TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CAPITAL FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET 2006 (note 9)	ACTUAL 2006	ACTUAL 2005
REVENUES	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
EXPENDITURES			
General government	9,000	9,026	8,892
Transportation services	30,000	24,628	38,346
Environmental services	0	19,935	18,932
Planning and development	4,000	2,773	0
	<u>43,000</u>	<u>56,362</u>	<u>66,170</u>
NET EXPENDITURES	(43,000)	(56,362)	(66,170)
Net interfund transfers from current fund	<u>43,000</u>	<u>56,362</u>	<u>66,170</u>
CHANGE IN CAPITAL FUND	0	0	0
OPENING BALANCE	<u>0</u>	<u>0</u>	<u>0</u>
CLOSING BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

the accompanying notes are an integral part of this financial statement

**TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. ACCOUNTING POLICIES

The consolidated financial statements of the municipality are the representation of management prepared in accordance with accounting guidelines set by the Public Sector Accounting and Auditing Board. 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 judgements.

(a) **BASIS OF CONSOLIDATION**

- (i) These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the current fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following local boards which are under the control of the council:

Township of East Garafraxa - Price's Corner Union Cemetery

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between the reserve funds and any other fund of the Municipality and the resulting income and expenditures.

- (ii) The following joint local board is not consolidated: Grand Valley and District Fire Board
- (iii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Dufferin are not reflected in the municipal fund balances of these financial statements.
- (iv) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(b) **BASIS OF ACCOUNTING**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long term liabilities which are charged against operations in the periods in which they are paid.
- (ii) 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.
- (iii) The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of operations in the year of acquisition.
- (iv) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the consolidated statement of financial position.
- (v) Short term investments are recorded at the lower of cost and fair market value

(c) **FINANCIAL INSTRUMENTS**

The entity's financial instruments consist of cash, short term investments, taxes and accounts receivable and accounts payable. The carrying amounts of these financial instruments approximate their fair market value due to their short term maturity or capacity for prompt liquidation.

**TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. ACCOUNTING POLICIES (continued)

(d) 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 expenses during the year. Actual results could differ from those estimates.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF DUFFERIN

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

	SCHOOL BOARDS	COUNTY
Taxation and user charges	\$ 828,532	\$ 1,169,559
Share of payments in lieu of taxes	<u>0</u>	<u>0</u>
Amounts levied	828,532	1,169,559
Requisitions paid	<u>828,532</u>	<u>1,169,559</u>
Overlevies at the end of the year	<u>\$ 0</u>	<u>\$ 0</u>

3. TRUST FUNDS

Trust funds administered by the municipality amounting to \$14,625 (2005 - \$14,085) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Current Fund Activities.

4. LONG TERM LIABILITIES

	2006	2005
(a) The balance of net liabilities reported on the consolidated statement of financial position is made up 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	\$ 90,940	\$ 100,194
Of the long term liabilities shown above, responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is	<u>7,917</u>	<u>12,767</u>
Net long term liabilities at the end of the year	<u>\$ 83,023</u>	<u>\$ 87,427</u>
(b) Approval of the Ontario Municipal Board has been obtained for the long term liabilities in (a) issued in the name of the Municipality.		

**TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

4. LONG TERM LIABILITIES (continued)

(c) The municipality is contingently liable for long term liabilities with respect to tile drainage and shoreline property assistance loans, and for those for which the responsibility for the payment of principal and interest has been assumed by other municipalities, school boards and unconsolidated local boards, municipal enterprises and utilities. The total amount outstanding as at December 31, 2006 is \$7,917 (2005 - \$12,767) and is not recorded on the consolidated statement of financial position.

(d) Expected future repayments on net long term liabilities are as outlined below:

2007	\$ 4,516
2008	4,630
2009	4,747
2010	4,866
Thereafter	<u>64,264</u>
	<u>\$ 83,023</u>

The long term debt is unsecured and bears interest at 2.50%. The long term loan is repayable to the reserve fund of the Township of East Garafraxa.

5. MUNICIPAL FUND BALANCES AVAILABLE FOR FUTURE YEARS

(a) The balances of municipal equity on the consolidated statement of financial position of \$72,972 (2005 - \$92,976) at the end of the year is comprised of the following:

	2006	2005
For general reduction of taxation	<u>\$ 72,972</u>	<u>\$ 92,976</u>

(b) Approval of the Ontario Municipal Board has been obtained for those commitments to be financed from revenues beyond the term of council.

6. RESERVES AND RESERVE FUNDS

(a) The total balances of reserves and reserve funds of \$976,541 (2005 - \$595,052) and \$964,805 (2005 - \$779,820) respectively are made up of the following:

	2006	2005
Reserves set aside for specific purpose by Council for:		
Working capital	\$ 398,955	\$ 312,555
Capital expenditure	186,261	45,172
Water system	17,487	17,487
Building	18,000	12,000
Planning	6,000	0
Transportation	<u>349,838</u>	<u>207,838</u>
Total Reserves	<u>\$ 976,541</u>	<u>\$ 595,052</u>
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Park purposes	\$ 21,824	\$ 31,520
Lot levies and subdivider contributions	0	299
Development charges	856,638	726,415
Environmentally sustainable infrastructure projects	<u>86,343</u>	<u>21,586</u>
Total Reserve Funds	<u>\$ 964,805</u>	<u>\$ 779,820</u>

**TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

6. RESERVES AND RESERVE FUNDS (continued)

(b) Transactions involving the reserve funds during the year were as follows:

	2006	2005
Balance, beginning of year	\$ 779,820	\$ 519,738
Investment income	24,428	8,464
Development charges	186,738	285,445
Parkland contributions	<u>800</u>	<u>2,000</u>
Transfer to current fund	<u>991,786</u>	<u>815,647</u>
	<u>(26,981)</u>	<u>(35,827)</u>
Balance, end of year	<u>\$ 964,805</u>	<u>\$ 779,820</u>

7. NON-CONSOLIDATED ENTITIES

Further to note 1(a)(ii), the following contributions were made by the municipality to this board:

	2006	2005
Grand Valley and District Fire Board	<u>\$ 28,569</u>	<u>\$ 33,111</u>

The municipality is contingently liable for its share, which is approximately 12%, of the accumulated surplus or deficit as at the end of the year for this board. The municipality's share of the accumulated surplus (deficit) of this joint local board is as follows:

	2006	2005
Grand Valley and District Fire Board	<u>\$ 866</u>	<u>\$ (189)</u>

8. COMPARATIVE FIGURES

Certain of the prior year comparative figures have been reclassified to conform to the current year presentation.

9. BUDGET FIGURES

The budgeted figures are presented for comparison purposes as prepared and approved by the Council, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed by the auditor.

10. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented as it would not provide additional meaningful information.



Chartered Accountants
and Business Advisors

AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of
the Township of East Garafraxa

We have audited the consolidated statement of financial position of the trust funds of the Corporation of the Township of East Garafraxa as at December 31, 2006 and the consolidated statement of continuity of trust funds for the year then ended. These financial statements are the responsibility of the municipality. 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 the municipality, 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 trust funds for the Corporation of the Township of East Garafraxa as at December 31, 2006 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Guelph, Ontario
March 30, 2007

Chartered Accountants
Licensed Public Accountants

**TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
CONSOLIDATED STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2006**

	TOTAL	CEMETERY	SPECIAL TRUST
BALANCE at the beginning of the year	\$ 14,085	\$ 9,147	\$ 4,938
ADD - Revenue	540	369	171
LESS - Administration fees and bank charges	<u>0</u>	<u>0</u>	<u>0</u>
BALANCE at the end of the year	<u>\$ 14,625</u>	<u>\$ 9,516</u>	<u>\$ 5,109</u>

**TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2006**

	TOTAL	CEMETERY	SPECIAL TRUST
ASSETS			
Bank	<u>\$ 14,625</u>	<u>\$ 9,516</u>	<u>\$ 5,109</u>
LIABILITIES			
Balance - capital	\$ 3,865	\$ 3,365	\$ 500
- income	<u>10,760</u>	<u>6,151</u>	<u>4,609</u>
	<u>\$ 14,625</u>	<u>\$ 9,516</u>	<u>\$ 5,109</u>

the accompanying notes are an integral part of this financial statement

**TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

Revenue and expenditures reported on the statement of continuity are reported on the cash basis of accounting.



Chartered Accountants
and Business Advisors

AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of
the Township of East Garafraxa

We have audited the statement of financial position of Price's Corner Union Cemetery as at December 31, 2006 and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the municipality. 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 the municipality, 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 Price's Corner Union Cemetery at December 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Guelph, Ontario
March 30, 2007

RLB LLP

Chartered Accountants
Licensed Public Accountants

**TOWNSHIP OF EAST GARAFRAXA
PRICE'S CORNER UNION CEMETERY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2006**

	2006	2005
BANK	<u>\$ 2,388</u>	<u>\$ 1,498</u>
SURPLUS		
Balance at beginning of year	\$ 1,498	\$ 1,469
Excess of revenue over expenditures for the year	<u>890</u>	<u>29</u>
Balance at end of year	<u>\$ 2,388</u>	<u>\$ 1,498</u>

the accompanying note is an integral part of this financial statement

**TOWNSHIP OF EAST GARAFRAXA
PRICE'S CORNER UNION CEMETERY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	2006	2005
REVENUE		
Interest income	\$ 65	\$ 29
Transfer from Township	825	5,545
Contributions	<u>0</u>	<u>0</u>
	<u>890</u>	<u>5,574</u>
EXPENDITURES		
Maintenance	<u>0</u>	<u>5,545</u>
EXCESS OF REVENUE OVER EXPENDITURES for the year	<u>\$ 890</u>	<u>\$ 29</u>

the accompanying note is an integral part of this financial statement

**TOWNSHIP OF EAST GARAFRAXA
PRICE'S CORNER UNION CEMETERY
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. ACCOUNTING POLICIES

Revenue and expenditures reported on the statement of revenue and expenditure are reported on the cash basis of accounting.