

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Corporation of the Township of East Garafraxa, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of East Garafraxa as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'R. B. L. P.' or similar, written in a cursive style.

Fergus, Ontario
June 21, 2011

Chartered Accountants
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010**

FINANCIAL ASSETS

| | 2010 | 2009 |
|---------------------|------------------|------------------|
| Cash | \$ 894,390 | \$ 695,409 |
| Taxes receivable | 488,874 | 628,357 |
| Accounts receivable | 263,527 | 350,309 |
| Investments | <u>0</u> | <u>167,500</u> |
| | <u>1,646,791</u> | <u>1,841,575</u> |

LIABILITIES

| | | |
|--|----------------|----------------|
| Accounts payable and accrued liabilities | 244,412 | 252,245 |
| Deferred revenue - Obligatory reserve funds (schedule 3) | <u>384,806</u> | <u>371,648</u> |
| | <u>629,218</u> | <u>623,893</u> |

| | | |
|-----------------------------|------------------|------------------|
| NET FINANCIAL ASSETS | <u>1,017,573</u> | <u>1,217,682</u> |
|-----------------------------|------------------|------------------|

NON-FINANCIAL ASSETS

| | | |
|--------------------------------------|-------------------|-------------------|
| Tangible capital assets (schedule 2) | 13,029,741 | 12,593,598 |
| Inventory | <u>4,386,377</u> | <u>4,426,953</u> |
| | <u>17,416,118</u> | <u>17,020,551</u> |

| | | |
|---|----------------------|----------------------|
| ACCUMULATED SURPLUS (schedule 4) | <u>\$ 18,433,691</u> | <u>\$ 18,238,233</u> |
|---|----------------------|----------------------|

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | 2010 Budget (note 2) | 2010 Actual | 2009 Actual |
|---|----------------------------|----------------------|----------------------|
| REVENUE | | | |
| Taxation revenue | \$ 1,731,559 | \$ 1,744,037 | \$ 1,706,497 |
| Taxation from other governments | 9,488 | 10,030 | 9,488 |
| Fees and user charges | 195,803 | 170,053 | 203,786 |
| Sewer and water service charges | 0 | 34,844 | 42,586 |
| Canada grants | 148,948 | 119,640 | 158,374 |
| Ontario grants | 443,241 | 416,383 | 443,847 |
| Other income (note 3) | 110,000 | 87,145 | 116,075 |
| Obligatory reserve fund revenue recognized (schedule 3) | 99,385 | 99,385 | 148,969 |
| Gain (loss) on disposal of assets | <u>0</u> | <u>(26,448)</u> | <u>(67,024)</u> |
| | <u>2,738,424</u> | <u>2,655,069</u> | <u>2,762,598</u> |
| EXPENSES | | | |
| General government | 503,960 | 519,929 | 451,575 |
| Protection services | 470,514 | 421,368 | 388,877 |
| Transportation services | 1,174,602 | 1,079,525 | 949,725 |
| Environmental services | 149,273 | 197,991 | 170,506 |
| Health services | 15,500 | 14,867 | 16,011 |
| Recreation and cultural services | 108,271 | 107,871 | 98,210 |
| Planning and development | <u>105,950</u> | <u>122,928</u> | <u>83,251</u> |
| | <u>2,528,070</u> | <u>2,464,479</u> | <u>2,158,155</u> |
| NET REVENUE (EXPENSES) for the year | <u>210,354</u> | <u>190,590</u> | <u>604,443</u> |
| Change in amounts to be recovered | | | |
| Change in capital outlay to be recovered in future years | <u>0</u> | <u>4,868</u> | <u>4,747</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>\$ 210,354</u> | <u>\$ 195,458</u> | <u>\$ 609,190</u> |
| ACCUMULATED SURPLUS, beginning of year | | \$ 18,238,233 | \$ 17,629,043 |
| Net book value of gravel inventory recorded | | 0 | 0 |
| Net book value of tangible capital assets recorded | | <u>0</u> | <u>0</u> |
| As restated | | 18,238,233 | 17,629,043 |
| Annual (deficit) surplus | | <u>195,458</u> | <u>609,190</u> |
| ACCUMULATED SURPLUS, end of year | | <u>\$ 18,433,691</u> | <u>\$ 18,238,233</u> |

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | 2010 Budget (note 2) | 2010 Actual | 2009 Actual |
|--|-------------------------------------|------------------------|------------------------|
| Annual surplus (deficit) | \$ <u>210,354</u> | \$ <u>195,458</u> | \$ <u>609,190</u> |
| Acquisition of tangible capital assets | (873,486) | (987,249) | (1,147,930) |
| Amortization of tangible capital assets | 506,480 | 524,658 | 506,480 |
| Loss on disposal of tangible capital assets | 0 | 26,448 | 67,024 |
| Consumption of gravel inventory | <u>0</u> | <u>40,576</u> | <u>49,072</u> |
| | <u>(367,006)</u> | <u>(395,567)</u> | <u>(525,354)</u> |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | \$ <u>(156,652)</u> | (200,109) | 83,836 |
| NET FINANCIAL ASSETS, beginning of year | | <u>1,217,682</u> | <u>1,133,846</u> |
| NET FINANCIAL ASSETS, end of year | | \$ <u>1,017,573</u> | \$ <u>1,217,682</u> |

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | 2010 | 2009 |
|--|-------------------|--------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Annual surplus (deficit) | \$ 195,458 | \$ 609,190 |
| Items not requiring an outlay of cash | | |
| Amortization of tangible capital assets | 524,658 | 506,480 |
| Loss on disposal of tangible capital assets | 26,448 | 67,024 |
| Consumption of gravel inventory | <u>40,576</u> | <u>49,072</u> |
| | <u>787,140</u> | <u>1,231,766</u> |
| Net changes in non-cash working capital | | |
| Taxes receivable | 139,483 | 34,495 |
| Accounts receivable | 86,782 | 810,346 |
| Loans receivable | 0 | 6,000 |
| Accounts payable and accrued liabilities | (7,833) | (686,038) |
| Deferred revenue - Obligatory reserve funds | <u>13,158</u> | <u>(58,033)</u> |
| | <u>231,590</u> | <u>106,770</u> |
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>1,018,730</u> | <u>1,338,536</u> |
| CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | <u>(987,249)</u> | <u>(1,147,930)</u> |
| CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| Investments | <u>167,500</u> | <u>(626)</u> |
| NET INCREASE IN CASH | 198,981 | 189,980 |
| CASH, beginning of year | <u>695,409</u> | <u>505,429</u> |
| CASH, end of year | <u>\$ 894,390</u> | <u>\$ 695,409</u> |

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of East Garafraxa are the representation of management prepared in accordance with Canadian generally accepted accounting principles. 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 judgments.

(a) BASIS OF CONSOLIDATION

- (i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises which are under the control of Council. The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- (a) The Grand Valley and District Fire Board
Proportionate consolidation: operating - 14.47% in 2010; 15.24% in 2009,
capital - 15.98% in 2010; 16.04% in 2009
(b) 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 reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

- (ii) 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.
- (iii) 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 on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest installment payments to the end of the financial year.
- (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) 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 Schedule of Accumulated Surplus.

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) **INVESTMENTS**

The investments held by the municipality are recorded at fair market value.

(d) **AMOUNTS TO BE RECOVERED**

Amounts to be recovered are reported in the municipal position on the Consolidated Statement of Financial Position. The balance represents the outstanding principal portion of unmatured long term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

(e) **TRUST FUNDS**

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(f) **NON-FINANCIAL ASSETS**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(i) **Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset are amortized on a straight-line basis over their estimated useful life as follows:

| | |
|-----------------------------|-----------------|
| Land improvements | 15 to 30 years |
| Buildings | 30 to 50 years |
| Vehicles | 10 to 18 years |
| Furniture and equipment | 5 to 20 years |
| Roads | 3 to 60 years |
| Bridges and infrastructures | 10 to 100 years |

Assets under construction are not amortized until the asset is available for productive use.

(ii) **Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date received and also are recorded as revenue.

(iii) **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

2. BUDGET AMOUNTS

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statements of operations and change in net assets for comparative purposes. The 2010 budget amounts for the Corporation of the Township of East Garafraxa approved by Council have been restated to conform to the basis of preparation of these statements. The budget information, however, has not been audited.

3. OTHER INCOME

| | 2010 | 2009 |
|------------------------------------|-------------------------|--------------------------|
| Penalties and interest on taxation | \$ 68,811 | \$ 91,883 |
| Licenses and permits | 8,285 | 8,515 |
| Investment income | 5,033 | 7,269 |
| Fees from other municipalities | 5,000 | 6,000 |
| Park dedication fees | 0 | 2,400 |
| Other | <u>16</u> | <u>8</u> |
| | <u>\$ 87,145</u> | <u>\$ 116,075</u> |

4. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF DUFFERIN

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Dufferin:

| | 2010 | 2009 |
|--------------------|----------------------------|----------------------------|
| School boards | \$ 1,029,362 | \$ 1,000,483 |
| County of Dufferin | <u>1,476,590</u> | <u>1,433,376</u> |
| | <u>\$ 2,505,952</u> | <u>\$ 2,433,859</u> |

5. TRUST FUNDS

The trust funds administered by the municipality amounting to \$10,226 (2009 - \$10,198) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities.

6. TANGIBLE CAPITAL ASSETS

| | Net 2010 | Net 2009 |
|----------------------------|-----------------------------|-----------------------------|
| General | | |
| Land and land improvements | \$ 1,540,849 | \$ 1,318,676 |
| Buildings | 242,696 | 211,579 |
| Vehicles | 1,036,988 | 994,234 |
| Furniture and equipment | 131,484 | 133,580 |
| Infrastructure | | |
| Roads | 5,673,734 | 5,520,669 |
| Bridges and infrastructure | <u>4,403,990</u> | <u>4,414,860</u> |
| | <u>\$ 13,029,741</u> | <u>\$ 12,593,598</u> |

7. COMPARATIVE FIGURES

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

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

8. CONTINGENT LIABILITIES

At the date of the issuance of the financial statements, there was one claim against the municipality. Neither the amount or the outcome of this action is determinable, and therefore the municipality has not accrued an amount for the possible losses resulting from this action.

9. SEGMENTED INFORMATION

The Corporation of the Township of East Garafraxa is a diversified municipal government institution that provides a wide range of services to its citizens, including Government and Administration Services, Protective Services (i.e. building inspection, fire and emergency services, bylaw enforcement, animal control), Public Works (i.e. roadways, streetlighting, sidewalks, and municipal drinking water), Environmental Services (i.e. stormwater management and source water protection), Recreation and Parks, and Planning and Community Development Services. For management reporting purposes, the government's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Township services are provided by departments and their activities are reported in these funds.

SCHEDULE 1

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
 SCHEDULE OF SEGMENTED DISCLOSURE
 FOR THE YEAR ENDED DECEMBER 31, 2010

| | General Government | Protection Services | Transportation Services | Environmental Services | Health Services | Recreation Services | Planning and Development | 2010 | 2009 |
|------------------------------|--------------------|---------------------|-------------------------|------------------------|------------------|---------------------|--------------------------|---------------------|---------------------|
| EXPENSES | | | | | | | | | |
| Salaries and benefits | \$ 278,611 | \$ 18,945 | \$ 430,189 | \$ 0 | \$ 0 | \$ 0 | \$ 38,073 | \$ 765,818 | \$ 683,832 |
| Materials | 54,550 | 18,027 | 90,865 | 0 | 6,771 | 22,681 | 13,768 | 206,662 | 132,911 |
| Contracted services | 119,504 | 335,766 | 44,401 | 185,396 | 0 | 0 | 70,067 | 755,134 | 640,315 |
| Rents and financial expenses | 64,534 | 2,276 | 31,419 | 0 | 0 | 0 | 470 | 98,699 | 88,242 |
| Amortization | 2,055 | 13,782 | 482,651 | 12,595 | 0 | 13,575 | 0 | 524,658 | 506,480 |
| Other | 675 | 32,572 | 0 | 0 | 8,096 | 71,615 | 550 | 113,508 | 106,375 |
| | <u>\$ 519,929</u> | <u>\$ 421,368</u> | <u>\$ 1,079,525</u> | <u>\$ 197,991</u> | <u>\$ 14,867</u> | <u>\$ 107,871</u> | <u>\$ 122,928</u> | <u>\$ 2,464,479</u> | <u>\$ 2,158,155</u> |

see accompanying notes

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | Land and land improvements | Buildings | Vehicles | Roads | Furniture and equipment | Bridges and infrastructure | Assets under construction | 2010 | 2009 |
|--|-------------------------------|-------------------|---------------------|---------------------|----------------------------|-------------------------------|------------------------------|----------------------|----------------------|
| COST | | | | | | | | | |
| Balance, beginning of year | \$ 1,403,765 | \$ 500,757 | \$ 1,701,184 | \$ 7,229,023 | \$ 465,714 | \$ 5,331,230 | \$ 0 | \$ 16,631,673 | \$ 15,962,317 |
| Additions during the year | 235,795 | 40,000 | 136,647 | 477,617 | 27,212 | 69,978 | 0 | 987,249 | 1,147,930 |
| Disposals during the year | 0 | 0 | 0 | (153,674) | (11,685) | (4,526) | 0 | (169,885) | (478,574) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance, end of year | <u>1,639,560</u> | <u>540,757</u> | <u>1,837,831</u> | <u>7,552,966</u> | <u>481,241</u> | <u>5,396,682</u> | <u>0</u> | <u>17,449,037</u> | <u>16,631,673</u> |
| ACCUMULATED AMORTIZATION | | | | | | | | | |
| Balance, beginning of year | 85,089 | 289,178 | 706,950 | 1,708,354 | 332,134 | 916,370 | 0 | 4,038,075 | 3,943,145 |
| Amortization | 13,622 | 8,883 | 93,893 | 310,859 | 20,530 | 76,871 | 0 | 524,658 | 506,480 |
| Accumulated amortization on disposals | 0 | 0 | 0 | (139,981) | (2,907) | (549) | 0 | (143,437) | (411,550) |
| Balance, end of year | <u>98,711</u> | <u>298,061</u> | <u>800,843</u> | <u>1,879,232</u> | <u>349,757</u> | <u>992,692</u> | <u>0</u> | <u>4,419,296</u> | <u>4,038,075</u> |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | <u>\$ 1,540,849</u> | <u>\$ 242,696</u> | <u>\$ 1,036,988</u> | <u>\$ 5,673,734</u> | <u>\$ 131,484</u> | <u>\$ 4,403,990</u> | <u>\$ 0</u> | <u>\$ 13,029,741</u> | <u>\$ 12,593,598</u> |

see accompanying notes

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
SCHEDULE OF DEFERRED REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | Dec. 31, 2009 | Contributions Received | Investment Income | Revenue Recognized | Dec. 31, 2010 |
|---------------------------------|-------------------|---------------------------|----------------------|-----------------------|-------------------|
| Obligatory Reserve Funds | | | | | |
| Development charges | \$ 347,024 | \$ 37,651 | \$ 837 | \$ (26,000) | \$ 359,512 |
| Federal gas tax funding | 78 | 73,513 | 103 | (73,385) | 309 |
| Recreational land | <u>24,546</u> | <u>400</u> | <u>39</u> | <u>0</u> | <u>24,985</u> |
| | <u>\$ 371,648</u> | <u>\$ 111,564</u> | <u>\$ 979</u> | <u>\$ (99,385)</u> | <u>\$ 384,806</u> |

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | 2010 | 2009 |
|--|----------------------|----------------------|
| SURPLUSES | | |
| Invested in tangible capital assets | \$ 13,029,741 | \$ 12,593,598 |
| Grand Valley and District Fire Board | (2,029) | (280) |
| General revenue fund | 4,353,401 | 4,542,617 |
| Unfunded | | |
| Capital outlay to be recovered in future years | <u>(64,262)</u> | <u>(69,130)</u> |
| | <u>17,316,851</u> | <u>17,066,805</u> |
| RESERVES | | |
| Working Capital Reserves | | |
| Working funds | <u>550,000</u> | <u>638,955</u> |
| Capital Reserves | | |
| Capital purposes | 92,161 | 22,161 |
| Transportation | 309,088 | 179,088 |
| Fire | 4,125 | 0 |
| Water system | 45,847 | 40,175 |
| Building | 2,000 | 36,000 |
| Planning | 0 | 13,000 |
| Recreation | <u>100,385</u> | <u>70,385</u> |
| | <u>553,606</u> | <u>360,809</u> |
| | <u>1,103,606</u> | <u>999,764</u> |
| RESERVE FUNDS | | |
| Building purposes | 0 | 167,500 |
| Grand Valley and District Fire Board capital | <u>13,234</u> | <u>4,164</u> |
| | <u>13,234</u> | <u>171,664</u> |
| | <u>\$ 18,433,691</u> | <u>\$ 18,238,233</u> |



Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of East Garafraxa, which comprise the statement of financial position as at December 31, 2010 and the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 East Garafraxa as at December 31, 2010 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Fergus, Ontario
June 21, 2011

Chartered Accountants
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010**

ASSETS

| | 2010 | 2009 |
|------|------------------|------------------|
| Cash | \$ <u>10,226</u> | \$ <u>10,198</u> |

FUND BALANCE

| | | |
|--------------------|------------------|------------------|
| Municipal position | \$ <u>10,226</u> | \$ <u>10,198</u> |
|--------------------|------------------|------------------|

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | 2010 | 2009 |
|--|------------------|------------------|
| MUNICIPAL POSITION, beginning of year | \$ 10,198 | \$ 10,167 |
| Interest earned | <u>28</u> | <u>31</u> |
| MUNICIPAL POSITION, end of year | <u>\$ 10,226</u> | <u>\$ 10,198</u> |

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Township of East Garafraxa are the representation of management prepared in accordance with Canadian generally accepted accounting principles. 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 judgments.

(a) BASIS OF ACCOUNTING

- (i) 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.**



Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Price's Corner Union Cemetery, which comprise the statement of financial position as at December 31, 2010 and the statement of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Price's Corner Union Cemetery as at December 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

RFB UP

Fergus, Ontario
June 21, 2011

Chartered Accountants
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
PRICE'S CORNER UNION CEMETERY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010**

| | A S S E T S | 2010 | 2009 |
|--|--------------------|-----------------|-----------------|
| Cash | | \$ <u>3,124</u> | \$ <u>3,116</u> |
| M U N I C I P A L P O S I T I O N | | | |
| Municipal position | | \$ <u>3,124</u> | \$ <u>3,116</u> |

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
PRICE'S CORNER UNION CEMETERY
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

| | 2010 Actual | 2009 Actual |
|--|------------------------|------------------------|
| REVENUE | | |
| Interest income | \$ 8 | \$ 9 |
| Contributions | <u>0</u> | <u>236</u> |
| | 8 | 245 |
| EXPENDITURES | <u>0</u> | <u>0</u> |
| CHANGE IN FUND BALANCE for the year | 8 | 245 |
| MUNICIPAL POSITION, beginning of year | <u>3,116</u> | <u>2,871</u> |
| MUNICIPAL POSITION, end of year | <u>\$ 3,124</u> | <u>\$ 3,116</u> |

**CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
PRICE'S CORNER UNION CEMETERY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Price's Corner Union Cemetery are the representation of management prepared in accordance with Canadian generally accepted accounting principles. 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 judgments.

(a) BASIS OF CONSOLIDATION

Price's Corner Union Cemetery has been consolidated with the financial statements of the Corporation of the Township of East Garafraxa.

(b) BASIS OF ACCOUNTING

- (i)** 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.