

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
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YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Corporation of the Township of East Garafraxa, which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Township of East Garafraxa as at December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation of the Township of East Garafraxa in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario
June 11, 2024

Chartered Professional Accountants
Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 3,073,021	\$ 3,501,489
Portfolio investments	500,000	125,000
Taxes receivable	858,015	603,204
Accounts receivable	<u>408,761</u>	<u>216,451</u>
	<u>4,839,797</u>	<u>4,446,144</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,064,664	1,113,881
Obligatory reserve funds (schedule 3)	1,337,975	1,367,883
Deferred revenue	<u>600</u>	<u>600</u>
	<u>2,403,239</u>	<u>2,482,364</u>
NET FINANCIAL ASSETS	<u>2,436,558</u>	<u>1,963,780</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	13,795,362	14,413,810
Inventory	3,925,520	3,962,427
Prepaid expenses	<u>155,898</u>	<u>70,267</u>
	<u>17,876,780</u>	<u>18,446,504</u>
ACCUMULATED SURPLUS (schedule 4)	<u>\$ 20,313,338</u>	<u>\$ 20,410,284</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget (note 4)	2023 Actual	2022 Actual
REVENUE			
Taxation revenue	\$ 3,527,453	\$ 3,579,104	\$ 3,053,085
Taxation from other governments	10,469	10,469	10,469
Fees and user charges	307,900	289,742	262,113
Sewer and water service charges	45,000	45,766	44,482
Canada grants	113,600	103,592	14,400
Ontario grants	270,493	270,661	293,144
Other income (note 5)	218,800	252,712	757,895
Obligatory reserve fund revenue recognized (schedule 3)	<u>388,750</u>	<u>243,889</u>	<u>273,865</u>
	<u>4,882,465</u>	<u>4,795,935</u>	<u>4,709,453</u>
EXPENSES (schedule 1)			
General government	1,243,500	1,268,342	1,091,030
Protection services	850,707	885,731	732,279
Transportation services	2,087,150	1,993,729	1,903,994
Environmental services	506,400	374,431	87,055
Health services	10,100	21,951	19,118
Recreation services	217,865	240,925	252,208
Planning and development	<u>246,200</u>	<u>107,772</u>	<u>220,906</u>
	<u>5,161,922</u>	<u>4,892,881</u>	<u>4,306,590</u>
NET (DEFICIT) SURPLUS for the year	<u>(279,457)</u>	<u>(96,946)</u>	<u>402,863</u>
Change in amounts to be recovered			
Change in capital outlay to be recovered in future years	<u>0</u>	<u>0</u>	<u>1,873</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (279,457)</u>	(96,946)	404,736
ACCUMULATED SURPLUS, beginning of year		<u>20,410,284</u>	<u>20,005,548</u>
ACCUMULATED SURPLUS, end of year		<u>\$ 20,313,338</u>	<u>\$ 20,410,284</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget (note 4)	2023 Actual	2022 Actual
ANNUAL (DEFICIT) SURPLUS	\$ <u>(279,457)</u>	\$ <u>(96,946)</u>	\$ <u>404,736</u>
Acquisition of tangible capital assets	(293,000)	(23,187)	(658,600)
Amortization of tangible capital assets	610,000	641,519	611,052
Loss on disposal of tangible capital assets	0	116	1,588
Consumption of gravel inventory	0	36,907	35,148
Increase in prepaid expense	<u>0</u>	<u>(85,631)</u>	<u>2,785</u>
	<u>317,000</u>	<u>569,724</u>	<u>(8,027)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>\$ 37,543</u>	472,778	396,709
NET FINANCIAL ASSETS, beginning of year		<u>1,963,780</u>	<u>1,567,071</u>
NET FINANCIAL ASSETS, end of year		<u>\$ 2,436,558</u>	<u>\$ 1,963,780</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (96,946)	\$ 404,736
Items not requiring an outlay of cash		
Amortization of tangible capital assets	641,519	611,052
Loss on disposal of tangible capital assets	116	1,588
Consumption of gravel inventory	<u>36,907</u>	<u>35,148</u>
	<u>581,596</u>	<u>1,052,524</u>
Net changes in non-cash working capital		
Taxes receivable	(254,811)	(190,372)
Accounts receivable	(192,310)	25,502
Prepaid expenses	(85,631)	2,785
Accounts payable and accrued liabilities	(49,217)	238,527
Obligatory reserve funds	(29,908)	(5,704)
Deferred revenue	<u>0</u>	<u>(15,150)</u>
	<u>(611,877)</u>	<u>55,588</u>
	<u>(30,281)</u>	<u>1,108,112</u>
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(23,187)</u>	<u>(658,600)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Portfolio investments	<u>(375,000)</u>	<u>975,000</u>
NET (DECREASE) INCREASE IN CASH	(428,468)	1,424,512
CASH, beginning of year	<u>3,501,489</u>	<u>2,076,977</u>
CASH, end of year	<u>\$ 3,073,021</u>	<u>\$ 3,501,489</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 for governments as recommended by the Public Sector Accounting 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 judgments.

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The management of the Corporation of the Township of East Garafraxa acknowledges its responsibility for the creation and compilation of the following significant accounting policy decisions and the related policy notes.

(b) **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 - 16% in 2023; 17% in 2022

capital - 15% in 2023; 15% in 2022

(b) Township of East Garafraxa - Price's Corner Union Cemetery

(c) Grand Valley Medical Centre

Proportionate consolidation: operating - 20%

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.

(c) **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 instalment 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.

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) BASIS OF ACCOUNTING (continued)

- (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.

(d) INVESTMENTS

The investments held by the municipality are recorded at cost.

(e) REVENUE RECOGNITION

All revenues are recorded on an accrual basis, except when the accruals cannot be determined with reasonable certainty or when their estimation is not practical.

Grant revenues are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the grant requirements give rise to an obligation that meets the definition of a liability, in which case the transfer would be recorded as deferred revenue, and would be recognized as revenue when the related expenditure occurs or the conditions of recognition as revenue are met.

Other revenue restricted by legislation, regulation or agreement, and not available for general municipal purposes, is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for a specific purpose.

Taxation revenue is recognized when it is authorized and in the period the tax is levied.

All other revenues, including fees and user charges, are recognized in the period in which the transactions or events occur that give rise to the revenues.

(f) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards 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. Significant estimates made by management include accrued liabilities, the useful lives of capital assets and the gravel inventory tonnes available for extraction. Actual results could differ from those estimates.

(g) INVENTORY

Gravel inventory is valued at the lower of cost or net realizable value. Cost is determined based on engineer estimates of the tonnes available for extraction less amounts extracted during the year.

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) ASSET RETIREMENT OBLIGATIONS

The corporation records asset retirement obligations when there is a legal obligation associated with the retirement of a tangible capital asset that results from the acquisition, construction, development or normal use of the asset. Such obligation justifies the recognition of a liability and can result from existing legislation, regulation, agreement, contract, or a promise and an expectation of performance. The estimate of the liability would include costs directly attributable to asset retirement, such as post-retirement operation, maintenance and monitoring. Estimated retirement costs are capitalized and amortized over the related asset's estimated useful life. The corporation has not identified any asset retirement obligations.

(i) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in annual (deficit) surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Transaction costs

The corporation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(j) 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 annual deficit, provides the Change in Net Financial Assets for the year.

(i) 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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (ii) 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 is amortized on a straight-line basis over their estimated useful life as follows:

Land and land improvements	15 to 30 years
Facilities	25 to 50 years
Vehicles	10 to 18 years
Equipment	5 to 20 years
Transportation infrastructure	3 to 60 years
Environmental infrastructure	10 to 100 years

Work in progress are not amortized until the asset is available for productive use. Tangible capital assets received as contributions are recorded at their fair value at the date received and also are recorded as revenue.

2. COMMITMENTS

The corporation has an operating lease for their premises. Future minimum lease payments are as follows:

2024	\$ 25,998
2025	25,998
2026	25,998
2027	25,998
2028	25,998
Thereafter	<u>285,975</u>
	<u>\$ 415,965</u>

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the corporation's exposure to these risks did not change in 2023 compared to the previous period.

The corporation does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the corporation to certain financial risks and uncertainties. These risks include:

Liquidity risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting obligations associated with financial liabilities. The corporation is exposed to liquidity risk as a result of accounts payable. The corporation controls liquidity risk by management of working capital and cash flows.

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. BUDGET AMOUNTS

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and change in net financial assets for comparative purposes. The 2023 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.

Revenue	
Approved Budget	\$ 5,147,522
Transfer from reserve funds, net	(265,057)
Total revenues	\$ <u>4,882,465</u>
Expenses	
Approved Budget	\$ 5,147,522
Acquisition of tangible capital assets	(293,000)
Amortization	610,000
Contribution to Operating from Capital Fund, Reserves and Reserve Funds	<u>(302,600)</u>
Total expenses	\$ <u>5,161,922</u>

5. OTHER INCOME

	2023 Budget	2023 Actual	2022 Actual
Penalties and interest on taxation	\$ 120,000	\$ 97,322	\$ 65,813
Licenses and permits	3,800	4,005	3,830
Investment income	95,000	136,647	53,290
Donated or assumed tangible capital assets	0	4,500	361,440
Loss on disposal of tangible capital assets	0	(116)	(1,588)
Other	<u>0</u>	<u>10,354</u>	<u>275,110</u>
	\$ <u>218,800</u>	\$ <u>252,712</u>	\$ <u>757,895</u>

6. 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:

	2023	2022
School Boards	\$ 1,156,427	\$ 1,121,396
County of Dufferin	<u>2,461,787</u>	<u>2,314,394</u>
	\$ <u>3,618,214</u>	\$ <u>3,435,790</u>

7. TRUST FUNDS

The trust funds administered by the municipality amounting to \$12,290 (2022 - \$11,736) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of operations.

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. PRICE'S CORNER UNION CEMETERY

Price's Corner Union Cemetery cash and net accumulated surplus of \$4,227 (2022 - \$4,037) are included within the consolidated statement of financial position. During the year, the bank account earned \$190 (2022 - \$62) of interest, which is included in the consolidated statement of operations.

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 General Government, Protection Services (i.e. building inspection, fire and emergency services, bylaw enforcement, animal control), Transportation Services, (i.e. roadways, streetlighting and sidewalks), Environmental Services (i.e. stormwater management, source water protection and municipal drinking water), Health Services, Recreation Services, and Planning and 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.

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2023	2022
EXPENSES									
Salaries and benefits	\$ 854,970	\$ 53,652	\$ 669,871	\$ 0	\$ 2,496	\$ 0	\$ 0	\$ 1,580,989	\$ 1,361,804
Materials	36,483	34,834	604,551	0	16,155	48,715	10,383	751,121	811,479
Contracted services	207,341	719,301	139,595	39,232	0	15,102	96,298	1,216,869	1,148,487
Rents and financial expenses	141,048	8,649	71,735	0	0	0	317	221,749	177,768
Amortization	26,817	23,871	507,977	26,228	0	56,626	0	641,519	611,052
Other transfers	<u>1,683</u>	<u>45,424</u>	<u>0</u>	<u>308,971</u>	<u>3,300</u>	<u>120,482</u>	<u>774</u>	<u>480,634</u>	<u>196,000</u>
	<u>\$ 1,268,342</u>	<u>\$ 885,731</u>	<u>\$ 1,993,729</u>	<u>\$ 374,431</u>	<u>\$ 21,951</u>	<u>\$ 240,925</u>	<u>\$ 107,772</u>	<u>\$ 4,892,881</u>	<u>\$ 4,306,590</u>

See notes to the consolidated financial statements

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	Land and land improvements	Facilities	Vehicles	Transportation infrastructure	Equipment	Environmental infrastructure	Work in Progress	2023	2022
COST									
Balance, beginning of year	\$ 2,542,935	\$ 1,124,814	\$ 2,503,950	\$ 15,413,465	\$ 737,414	\$ 916,962	\$ 98,945	\$ 23,338,485	\$ 22,686,498
Additions	1,272	0	0	0	21,915	0	0	23,187	658,600
Disposals	0	0	0	(26,098)	0	0	0	(26,098)	(6,613)
Transfers	98,945	0	0	0	0	0	(98,945)	0	0
Balance, end of year	<u>2,643,152</u>	<u>1,124,814</u>	<u>2,503,950</u>	<u>15,387,367</u>	<u>759,329</u>	<u>916,962</u>	<u>0</u>	<u>23,335,574</u>	<u>23,338,485</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	269,168	546,760	1,627,032	5,684,372	484,290	313,053	0	8,924,675	8,318,648
Amortization	45,977	45,775	127,634	356,757	40,491	24,885	0	641,519	611,052
Accumulated amortization on disposals	0	0	0	(25,982)	0	0	0	(25,982)	(5,025)
Balance, end of year	<u>315,145</u>	<u>592,535</u>	<u>1,754,666</u>	<u>6,015,147</u>	<u>524,781</u>	<u>337,938</u>	<u>0</u>	<u>9,540,212</u>	<u>8,924,675</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 2,328,007</u>	<u>\$ 532,279</u>	<u>\$ 749,284</u>	<u>\$ 9,372,220</u>	<u>\$ 234,548</u>	<u>\$ 579,024</u>	<u>\$ 0</u>	<u>\$ 13,795,362</u>	<u>\$ 14,413,810</u>

See notes to the consolidated financial statements

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED SCHEDULE OF DEFERRED REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 3

	Dec.31, 2022	Contributions Received	Investment Income	Revenue Recognized	Dec.31, 2023
Obligatory Reserve Funds					
Development charges	\$ 587,166	\$ 64,492	\$ 30,794	\$ (50,756)	\$ 631,696
Federal gas tax funding	379,429	85,350	19,210	(175,715)	308,274
Recreational land	206,288	4,500	9,635	(17,418)	203,005
Roads	153,000	0	0	0	153,000
Water system	<u>42,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,000</u>
	<u>\$ 1,367,883</u>	<u>\$ 154,342</u>	<u>\$ 59,639</u>	<u>\$ (243,889)</u>	<u>\$ 1,337,975</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
AS AT DECEMBER 31, 2023

Schedule 4

	2023	2022
SURPLUSES		
Invested in tangible capital assets	\$ 13,795,362	\$ 14,413,810
Grand Valley and District Fire Board	(7,559)	(3,874)
Grand Valley Medical Centre	21,384	21,947
General revenue fund	<u>4,431,522</u>	<u>3,937,629</u>
	<u>18,240,709</u>	<u>18,369,512</u>
RESERVES		
Operating Reserves		
Gravel	165,000	165,000
OCIF grant	143,975	161,761
Tax rate stabilization	22,500	62,500
Working funds	20,332	40,332
COVID grants	<u>0</u>	<u>18,557</u>
	<u>351,807</u>	<u>448,150</u>
Capital Reserves		
Bridges and culverts	614,467	614,467
Vehicle Fleet	264,356	184,356
Roads	262,252	262,252
Water system	163,748	155,182
Recreation	99,734	99,734
Building	49,103	49,103
Planning	<u>48,838</u>	<u>67,000</u>
	<u>1,502,498</u>	<u>1,432,094</u>
	<u>1,854,305</u>	<u>1,880,244</u>
RESERVE FUNDS		
Grand Valley and District Fire Board capital	<u>218,324</u>	<u>160,528</u>
	<u>\$ 20,313,338</u>	<u>\$ 20,410,284</u>

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2023 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation of the Township of East Garafraxa in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards 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.

In preparing the financial statements, management is responsible for assessing the trust fund's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the trust funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Guelph, Ontario
June 11, 2024



Chartered Professional Accountants
Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
Cash	\$ <u>12,290</u>	\$ <u>11,736</u>
FUND BALANCE		
Municipal position	\$ <u>12,290</u>	\$ <u>11,736</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
MUNICIPAL POSITION, beginning of year	\$ 11,736	\$ 11,555
Interest earned	<u>554</u>	<u>181</u>
MUNICIPAL POSITION, end of year	<u>\$ 12,290</u>	<u>\$ 11,736</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 public sector accounting standards as recommended by the Public Sector Accounting 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 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.