

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
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YEAR ENDED DECEMBER 31, 2022

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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, 2022 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the 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, 2022 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 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 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 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 13, 2023



Chartered Professional Accountants
Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 3,501,489	\$ 2,076,977
Investments	125,000	1,100,000
Taxes receivable	603,204	412,832
Accounts receivable	<u>216,451</u>	<u>241,953</u>
	<u>4,446,144</u>	<u>3,831,762</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,113,881	875,354
Obligatory reserve funds (schedule 3)	1,367,883	1,373,587
Deferred revenue	<u>600</u>	<u>15,750</u>
	<u>2,482,364</u>	<u>2,264,691</u>
NET FINANCIAL ASSETS	<u>1,963,780</u>	<u>1,567,071</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	14,413,810	14,367,850
Inventory	3,962,427	3,997,575
Prepaid expenses	<u>70,267</u>	<u>73,052</u>
	<u>18,446,504</u>	<u>18,438,477</u>
ACCUMULATED SURPLUS (schedule 4)	<u>\$ 20,410,284</u>	<u>\$ 20,005,548</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (note 4)	2022 Actual	2021 Actual
REVENUE			
Taxation revenue	\$ 3,016,277	\$ 3,053,085	\$ 2,748,004
Taxation from other governments	10,469	10,469	10,469
Fees and user charges	285,100	238,351	280,265
Sewer and water service charges	46,200	44,482	46,233
Canada grants	0	14,400	0
Ontario grants	367,254	316,906	270,722
Other income (note 5)	85,500	757,895	79,847
Obligatory reserve fund revenue recognized (schedule 3)	<u>159,000</u>	<u>273,865</u>	<u>125,716</u>
	<u>3,969,800</u>	<u>4,709,453</u>	<u>3,561,256</u>
EXPENSES (schedule 1)			
General government	1,125,919	1,091,030	871,692
Protection services	744,529	732,279	700,824
Transportation services	1,923,862	1,903,994	1,724,340
Environmental services	69,000	87,055	69,113
Health services	10,263	19,118	20,390
Recreation services	190,266	252,208	197,704
Planning and development	<u>192,500</u>	<u>220,906</u>	<u>136,687</u>
	<u>4,256,339</u>	<u>4,306,590</u>	<u>3,720,750</u>
NET (DEFICIT) SURPLUS for the year	<u>(286,539)</u>	<u>402,863</u>	<u>(159,494)</u>
Change in amounts to be recovered			
Change in capital outlay to be recovered in future years	<u>0</u>	<u>1,873</u>	<u>6,406</u>
ANNUAL (DEFICIT) SURPLUS	<u>\$ (286,539)</u>	404,736	(153,088)
ACCUMULATED SURPLUS, beginning of year			
Consolidation of Grand Valley Medical Centre		<u>0</u>	<u>21,644</u>
ACCUMULATED SURPLUS, end of year		<u>\$ 20,410,284</u>	<u>\$ 20,005,548</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (note 4)	2022 Actual	2021 Actual
ANNUAL (DEFICIT) SURPLUS	\$ <u>(286,539)</u>	\$ <u>404,736</u>	\$ <u>(153,088)</u>
Acquisition of tangible capital assets	(82,000)	(658,600)	(477,194)
Amortization of tangible capital assets	590,000	611,052	574,468
Loss (gain) on disposal of tangible capital assets	0	1,588	(11,912)
Proceeds on sale of tangible capital assets	0	0	12,420
Grand Valley Medical Centre	0	0	21,644
Consumption of gravel inventory	31,000	35,148	26,536
Increase in prepaid expense	<u>0</u>	<u>2,785</u>	<u>(39,593)</u>
	<u>539,000</u>	<u>(8,027)</u>	<u>106,369</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	\$ <u><u>252,461</u></u>	396,709	(46,719)
NET FINANCIAL ASSETS, beginning of year		<u>1,567,071</u>	<u>1,613,790</u>
NET FINANCIAL ASSETS, end of year		\$ <u><u>1,963,780</u></u>	\$ <u><u>1,567,071</u></u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 404,736	\$ (153,088)
Items not requiring an outlay of cash		
Amortization of tangible capital assets	611,052	574,468
Loss (gain) on disposal of tangible capital assets	1,588	(11,912)
Grand Valley Medical Centre	0	21,644
Consumption of gravel inventory	<u>35,148</u>	<u>26,536</u>
	<u>1,052,524</u>	<u>457,648</u>
Net changes in non-cash working capital		
Taxes receivable	(190,372)	236,947
Accounts receivable	25,502	(52,203)
Prepaid expenses	2,785	(39,593)
Accounts payable and accrued liabilities	238,527	166,220
Obligatory reserve funds	(5,704)	503,037
Deferred revenue	<u>(15,150)</u>	<u>15,750</u>
	<u>55,588</u>	<u>830,158</u>
	<u>1,108,112</u>	<u>1,287,806</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(658,600)	(477,194)
Proceeds on sale of tangible capital assets	<u>0</u>	<u>12,420</u>
	<u>(658,600)</u>	<u>(464,774)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Investments	<u>975,000</u>	<u>(1,100,000)</u>
NET INCREASE (DECREASE) IN CASH	1,424,512	(276,968)
CASH, beginning of year	<u>2,076,977</u>	<u>2,353,945</u>
CASH, end of year	\$ <u>3,501,489</u>	\$ <u>2,076,977</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 - 17% in 2022; 19% in 2021

capital - 15% in 2022; 14% in 2021

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

(c) Grand Valley Medical Centre

Proportionate consolidation: operating - 20% in 2022; 20% in 2021

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, 2022

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 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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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) 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

Assets under construction 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.

(ii) 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, 2022

2. COMMITMENTS

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

2023	\$	25,488
2024		25,488
2025		25,488
2026		25,488
2027		25,488
Thereafter		<u>305,856</u>
	\$	<u>433,296</u>

During the year, the corporation also entered into an agreement with the Town of Caledon. This agreement stipulates that the corporation will pay for 50% of the cost of rehabilitating the Caledon Townline bridge. The bridge is fully owned by Town of Caledon. The corporation has already paid \$15,404 towards this project, and has committed to additional costs amounting to approximately \$433,246.

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 2022 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, 2022

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 2022 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	\$ 4,133,592
Transfer from reserve funds, net	<u>(163,792)</u>
Total revenues	\$ <u>3,969,800</u>
Expenses	
Approved Budget	\$ 4,133,592
Acquisition of tangible capital assets	(82,000)
Amortization	590,000
Contribution to Operating from Capital Fund, Reserves and Reserve Funds	<u>(385,253)</u>
Total expenses	\$ <u>4,256,339</u>

5. OTHER INCOME

	2022 Budget	2022 Actual	2021 Actual
Penalties and interest on taxation	\$ 69,000	\$ 65,813	\$ 45,927
Licenses and permits	4,000	3,830	4,080
Investment income	12,500	53,290	5,117
Donated or assumed tangible capital assets	0	361,440	0
(Loss) gain on disposal of tangible capital assets	0	(1,588)	11,912
Other	<u>0</u>	<u>275,110</u>	<u>12,811</u>
	\$ <u>85,500</u>	\$ <u>757,895</u>	\$ <u>79,847</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:

	2022	2021
School Boards	\$ 1,121,396	\$ 1,106,060
County of Dufferin	<u>2,314,354</u>	<u>2,228,596</u>
	\$ <u>3,435,750</u>	\$ <u>3,334,656</u>

7. TRUST FUNDS

The trust funds administered by the municipality amounting to \$11,736 (2021 - \$11,555) 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, 2022

8. PRICE'S CORNER UNION CEMETERY

Price's Corner Union Cemetery cash and net accumulated surplus of \$4,037 (2021 - \$3,975) are included within the consolidated statement of financial position. During the year, the bank account earned \$62 (2021 - \$8) 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, 2022

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2022	2021
EXPENSES									
Salaries and benefits	\$ 692,110	\$ 40,176	\$ 626,638	\$ 0	\$ 2,880	\$ 0	\$ 0	\$ 1,361,804	\$ 1,247,598
Materials	90,195	29,287	630,762	0	12,975	34,985	13,275	811,479	716,012
Contracted services	163,533	590,967	110,853	60,116	0	16,437	206,581	1,148,487	877,958
Rents and financial expenses	105,428	9,690	62,150	0	0	0	500	177,768	158,506
Amortization	38,769	23,535	473,591	26,939	0	48,218	0	611,052	574,468
Other transfers	995	38,624	0	0	3,263	152,568	550	196,000	146,208
	<u>\$ 1,091,030</u>	<u>\$ 732,279</u>	<u>\$ 1,903,994</u>	<u>\$ 87,055</u>	<u>\$ 19,118</u>	<u>\$ 252,208</u>	<u>\$ 220,906</u>	<u>\$ 4,306,590</u>	<u>\$ 3,720,750</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, 2022

Schedule 2

	Land and land improvements	Facilities	Vehicles	Transportation infrastructure	Equipment	Environmental infrastructure	Work in Progress	2022	2021
COST									
Balance, beginning of year	\$ 2,201,157	\$ 1,124,814	\$ 2,451,589	\$ 15,282,012	\$ 731,907	\$ 895,019	\$ 0	\$ 22,686,498	\$ 22,441,122
Additions during the year	341,778	0	52,361	131,453	12,120	21,943	98,945	658,600	477,194
Disposals during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,613)</u>	<u>0</u>	<u>0</u>	<u>(6,613)</u>	<u>(231,818)</u>
Balance, end of year	<u>2,542,935</u>	<u>1,124,814</u>	<u>2,503,950</u>	<u>15,413,465</u>	<u>737,414</u>	<u>916,962</u>	<u>98,945</u>	<u>23,338,485</u>	<u>22,686,498</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	231,729	500,856	1,498,477	5,363,372	434,519	289,695	0	8,318,648	7,975,490
Amortization	37,439	45,904	128,555	321,000	54,796	23,358	0	611,052	574,468
Accumulated amortization on disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,025)</u>	<u>0</u>	<u>0</u>	<u>(5,025)</u>	<u>(231,310)</u>
Balance, end of year	<u>269,168</u>	<u>546,760</u>	<u>1,627,032</u>	<u>5,684,372</u>	<u>484,290</u>	<u>313,053</u>	<u>0</u>	<u>8,924,675</u>	<u>8,318,648</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 2,273,767</u>	<u>\$ 578,054</u>	<u>\$ 876,918</u>	<u>\$ 9,729,093</u>	<u>\$ 253,124</u>	<u>\$ 603,909</u>	<u>\$ 98,945</u>	<u>\$ 14,413,810</u>	<u>\$ 14,367,850</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, 2022

Schedule 3

	Dec.31, 2021	Contributions Received	Investment Income	Revenue Recognized	Dec.31, 2022
Obligatory Reserve Funds					
Development charges	\$ 447,979	\$ 161,944	\$ 9,243	\$ (32,000)	\$ 587,166
Federal gas tax funding	476,099	81,793	6,624	(185,087)	379,429
Recreational land	254,509	4,500	4,057	(56,778)	206,288
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>\$ 1,373,587</u>	<u>\$ 248,237</u>	<u>\$ 19,924</u>	<u>\$ (273,865)</u>	<u>\$ 1,367,883</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
AS AT DECEMBER 31, 2022

Schedule 4

	2022	2021
SURPLUSES		
Invested in tangible capital assets	\$ 14,413,810	\$ 14,367,850
Grand Valley and District Fire Board	(3,874)	(6,423)
Grand Valley Medical Centre	21,947	21,644
General revenue fund	3,937,629	3,989,314
Unfunded		
Capital outlay to be recovered in future years	<u>0</u>	<u>(1,873)</u>
	<u>18,369,512</u>	<u>18,370,512</u>
RESERVES		
Operating Reserves		
Gravel	165,000	0
OCIF grant	161,761	50,000
Tax rate stabilization	62,500	0
Working funds	40,332	51,585
COVID grants	<u>18,557</u>	<u>38,700</u>
	<u>448,150</u>	<u>140,285</u>
Capital Reserves		
Bridges and culverts	614,467	561,644
Roads	262,252	247,252
Water system	155,182	186,901
Vehicle Fleet	184,356	164,356
Recreation	99,734	85,929
Planning	67,000	63,000
Building	<u>49,103</u>	<u>49,103</u>
	<u>1,432,094</u>	<u>1,358,185</u>
	<u>1,880,244</u>	<u>1,498,470</u>
RESERVE FUNDS		
Grand Valley and District Fire Board capital	<u>160,528</u>	<u>136,566</u>
	<u>\$ 20,410,284</u>	<u>\$ 20,005,548</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, 2022 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, 2022 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 13, 2023



Chartered Professional Accountants
Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
Cash	\$ <u>11,736</u>	\$ <u>11,555</u>
FUND BALANCE		
Municipal position	\$ <u>11,736</u>	\$ <u>11,555</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
MUNICIPAL POSITION, beginning of year	\$ 11,555	\$ 11,532
Interest earned	<u>181</u>	<u>23</u>
MUNICIPAL POSITION, end of year	<u>\$ 11,736</u>	<u>\$ 11,555</u>

CORPORATION OF THE TOWNSHIP OF EAST GARAFRAXA
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.