

**The Corporation of the
Town of South Bruce Peninsula
Financial Statements
For the year ended December 31, 2006**



Driving growth

BDO Dunwoody LLP
Chartered Accountants
and Advisors

**The Corporation of the Town of South Bruce Peninsula
Financial Statements
For the year ended December 31, 2006**

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Auditors' Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of South Bruce Peninsula**

We have audited the consolidated statement of financial position of the Corporation of the Town of South Bruce Peninsula as at December 31, 2006 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of South Bruce Peninsula as at December 31, 2006 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunsmuir LLP
Chartered Accountants

Owen Sound, Ontario
February 1, 2007

**The Corporation of the Town of South Bruce Peninsula
Consolidated Statement of Financial Position**

December 31	2006	2005
Assets and Liabilities		
Financial assets		
Cash	\$ 3,387,767	\$ 2,813,496
Taxes receivable	980,905	1,156,599
Trade and other receivables	2,475,010	1,730,009
Inventory held for resale	23,815	28,385
Long-term receivables (Note 1)	11,899	17,902
Other	4,745	3,345
	6,884,141	5,749,736
Liabilities		
Temporary borrowings (Note 2)	2,000,000	-
Accounts payable and accrued liabilities	997,752	748,531
Solid waste landfill closure and post-closure liabilities (Note 3)	67,343	67,343
Post-employment benefits liabilities	5,589	7,489
Deferred revenue (Page 16)	55,226	137,430
Net long-term liabilities (Note 4)	1,181,246	1,410,917
	4,307,156	2,371,710
Net financial assets	\$ 2,576,985	\$ 3,378,026
Municipal Position		
Municipal position		
Current fund (Page 17)	\$ 362,535	\$ 281,351
Capital fund (Page 18)	(1,393,659)	(568,392)
Reserves and reserve funds (Page 19)	4,851,199	5,136,945
	3,820,075	4,849,904
Amounts to be recovered (Note 5)	(1,243,090)	(1,471,878)
	\$ 2,576,985	\$ 3,378,026

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of South Bruce Peninsula Consolidated Statement of Financial Activities

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Taxation	\$ 6,231,427	\$ 6,290,205	\$ 6,091,029
Fees and user charges	2,427,484	2,587,284	2,473,527
Canada grants	78,875	80,427	93,328
Ontario grants	1,780,226	3,633,731	3,686,488
Municipal grants	85,800	143,447	112,886
Other income (Note 6)	1,436,335	1,109,250	1,059,592
Obligatory reserve fund revenue recognized	85,000	85,000	-
	<u>12,125,147</u>	<u>13,929,344</u>	<u>13,516,850</u>
Expenditures			
Current (Note 7)			
General government	1,242,373	1,198,395	1,126,432
Protection services	2,778,643	2,635,722	2,536,624
Transportation services	2,567,161	2,663,157	2,484,862
Environmental services	2,099,689	2,146,033	1,963,530
Health services	145,145	155,782	141,488
Recreation and cultural services	755,676	775,421	803,764
Planning and development	247,768	229,730	169,870
	<u>9,836,455</u>	<u>9,804,240</u>	<u>9,226,570</u>
Capital			
General government	649,000	316,252	356,381
Protection services	660,349	391,345	31,388
Transportation services	1,845,770	1,234,849	1,058,280
Environmental services	175,943	2,733,997	784,596
Health services	5,000	-	10,010
Recreational and cultural services	270,000	250,990	147,843
Planning and development	-	-	1,733
	<u>3,606,062</u>	<u>4,927,433</u>	<u>2,390,231</u>
Total expenditures	<u>13,442,517</u>	<u>14,731,673</u>	<u>11,616,801</u>
Net revenue (expenditures) for the year	(1,317,370)	(802,329)	1,900,049
Restatement of opening fund balances (Note 8)	-	1,288	-
	(1,317,370)	(801,041)	1,900,049
Change in amounts to be recovered			
Debt principal repayments	(228,788)	(228,788)	(217,332)
Change in fund balances for the year	<u>\$ (1,546,158)</u>	<u>\$ (1,029,829)</u>	<u>\$ 1,682,717</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of South Bruce Peninsula Consolidated Statement of Changes in Financial Position

For the year ended December 31	2006	2005
Cash provided by (used in)		
Operating activities		
Net revenue (expenditures) for the year	\$ (802,329)	\$ 1,900,049
Items not involving cash		
Restatement of opening fund balances (Note 8)	1,288	-
Change in post-employment benefits liabilities	(1,900)	(1,900)
	<u>(802,941)</u>	<u>1,898,149</u>
Changes in non-cash working capital balances		
Taxes receivable	175,694	123,801
Trade and other receivables	(745,001)	(1,065,806)
Inventory held for resale	4,570	(2,621)
Other	(1,400)	-
Accounts payable and accrued liabilities	249,221	215,257
Deferred revenue	(82,204)	3,761
	<u>(399,120)</u>	<u>(725,608)</u>
	<u>(1,202,061)</u>	<u>1,172,541</u>
Investing activities		
Decrease in long-term receivables	<u>6,003</u>	<u>11,382</u>
Financing activities		
Increase in temporary borrowings	2,000,000	-
Repayment of long-term liabilities	(229,671)	(221,186)
	<u>1,770,329</u>	<u>(221,186)</u>
Net change in cash	574,271	962,737
Cash, beginning of year	<u>2,813,496</u>	<u>1,850,759</u>
Cash, end of year	\$ 3,387,767	\$ 2,813,496

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of South Bruce Peninsula

Summary of Significant Accounting Policies

December 31, 2006

Management Responsibility

The consolidated financial statements of the Corporation of the Town of South Bruce Peninsula are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following local board owned or controlled by Council has been consolidated:

Warton Business Improvement Area

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Airport Joint Municipal Service Board	50%
Bruce Area Solid Waste Recycling	22%

The Corporation of the Town of South Bruce Peninsula

Summary of Significant Accounting Policies

December 31, 2006

Basis of Accounting	<p>Revenues and expenditures are reported on the accrual basis of accounting. 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.</p> <p>The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>
Temporary Investments	<p>Temporary investments are recorded at the lower of cost and market value.</p>
Inventory	<p>Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the last-in, first-out basis.</p>
Capital Assets	<p>The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.</p>
Deferred Revenue	<p>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 financial activities in the year in which it is used for the specified purpose.</p>
Amounts to be Recovered	<p>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.</p>
County and School Board	<p>The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.</p>

The Corporation of the Town of South Bruce Peninsula Summary of Significant Accounting Policies

December 31, 2006

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 balance sheet.

The Corporation of the Town of South Bruce Peninsula Notes to Financial Statements

December 31, 2006

1. Long-term Receivables

	<u>2006</u>	<u>2005</u>
Tile drainage loans, 8%, annual payments of \$1,401 principal and interest, due in 2011	\$ 5,499	\$ 6,382
Water and sewer loans, at 8%, various repayments and due dates	<u>6,400</u>	<u>11,520</u>
	<u>\$ 11,899</u>	<u>\$ 17,902</u>

2. Temporary Borrowings

The municipality has borrowed funds from the RBC Financial Group in order to finance the Amabel Water System capital improvements. Interest is payable monthly and calculated at Royal Bank prime minus 0.50%. Once the project has been completed, long-term financing will replace the interim financing.

3. Solid Waste Landfill Closure and Post-Closure Liabilities

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the Amabel landfill site is recorded at \$32,948 and represents the present value of closure and post-closure costs for 58% of the current site's opened cells, using the Government of Canada's average long-term borrowing rate of 6%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$61,717 leaving an amount to be recognized of \$28,769. The estimated remaining capacity of the site's opened cells is approximately 218,600 cubic metres, which will be filled in 20 years. Post-closure care is estimated to continue for a period of 20 years.

The liability for the Albemarle landfill site is recorded at \$34,395 and represents the present value of closure and post-closure costs for 65% of the current site's opened cells, using the Government of Canada's average long-term borrowing rate of 6%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$53,229 leaving an amount to be recognized of \$18,834. The estimated remaining capacity of the site's opened cells are approximately 23,000 cubic metres, which will be filled in 22 years. Post-closure care is estimated to continue for a period of 20 years.

The liabilities are expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The Corporation of the Town of South Bruce Peninsula Notes to Financial Statements

December 31, 2006

4. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2006	2005
Debenture payable, 10%, due 2006	\$ -	\$ 178,000
Loan payable, OSIFA, 2.93%, due 2024	1,175,747	1,226,535
Tile drainage loans payable, 8%, due 2011	5,499	6,382
	\$ 1,181,246	\$ 1,410,917

Principal payments for the next five fiscal years and thereafter are as follows:

2007	\$	53,240
2008	\$	54,860
2009	\$	56,531
2010	\$	58,256
2011	\$	60,036
Thereafter	\$	898,323

5. Amounts to be recovered

	2006	2005
Capital outlay financed by long-term liabilities and to be recovered in future years	\$ 1,175,747	\$ 1,404,535
Landfill closure and post-closure costs to be recovered	67,343	67,343
	\$ 1,243,090	\$ 1,471,878

The Corporation of the Town of South Bruce Peninsula Notes to Financial Statements

December 31, 2006

6. Other Income

	2006	2006	2005
	Budget	Actual	Actual
Penalties and interest	\$ 196,000	\$ 199,033	\$ 197,010
Other fines and penalties	29,650	54,008	28,379
Investment income	73,500	231,549	132,829
Licenses, permits and rents	463,910	459,823	437,053
Donations	19,250	31,941	4,819
Prepaid special charges	-	-	52,863
Sale of publications, mementos, etc.	1,525	6,143	6,114
Sale of land, equipment and other assets	600,000	31,557	178,904
Other	52,500	95,196	21,621
	\$ 1,436,335	\$ 1,109,250	\$ 1,059,592

7. Expenditures by Object

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

	2006	2005
Salaries, wages and employee benefits	\$ 2,948,973	\$ 2,732,929
Materials	3,164,132	2,796,933
Contracted services	3,178,201	3,175,388
Rents and financial expenses	142,251	107,029
Interest on long-term debt	55,841	73,314
Contributions to other organizations	314,842	340,977
	\$ 9,804,240	\$ 9,226,570

8. Change in Opening Fund Balances

During the year, the Town's share of the Bruce Area Solid Waste Recycling changed from 21.70% to 21.93%. The prospective application of this change resulted in an increase in net revenue for the year of \$177 and an increase in the opening reserves balance of \$1,288.

The amounts presented for comparative purposes have not been restated to reflect the above.

The Corporation of the Town of South Bruce Peninsula Notes to Financial Statements

December 31, 2006

9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 38 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2006 was \$119,604 (2005 - \$111,381).

10. Operations of School Boards and the County of Bruce

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

	<u>2006</u>	<u>2005</u>
School boards	\$ 3,572,115	\$ 3,380,790
County of Bruce	<u>4,918,363</u>	<u>4,718,919</u>
	<u>\$ 8,490,478</u>	<u>\$ 8,099,709</u>

The Corporation of the Town of South Bruce Peninsula

Notes to Financial Statements

December 31, 2006

11. Contractual Commitments

- a) The Town of South Bruce Peninsula has entered into a multi-year agreement for collection and removal of residential and commercial refuse. Under this agreement the Town of South Bruce Peninsula has agreed to pay an annual fee of \$316,510 plus GST, with inflation adjustments, until December 31, 2008.
 - b) The Town of South Bruce Peninsula has signed a multi-year agreement with the Ontario Clean Water Agency for the operation, management and maintenance of its water and sewage systems until December 31, 2008. The cost to the municipality is estimated to be \$1,061,987 over the next 2 years.
 - c) In 2001, The Ministry of the Environment mandated improvements to the water systems in the Town of South Bruce Peninsula. The estimated costs of these improvements is \$8,474,240. Total costs of \$4,664,662 have been incurred to date on the water system improvements. At December 31, 2006, contracts of approximately \$3,214,941 were in progress, of which \$2,543,460 of the contracted work had been completed. The municipality has applied to the Province of Ontario for OSTAR funding to cover 2/3rds of the cost.
 - d) In December 2005, the Town of South Bruce Peninsula purchased the easterly portion of the former Wiarton District High School property for \$300,000. The Town has committed to purchase the westerly portion for \$300,000 to close in March, 2007. The Town has accepted an offer to purchase both portions of the property for \$230,000, to close in March 2007. Proceeds of \$80,000 for the easterly portion of the property will be received on closing, with the balance of \$150,000 for the westerly portion of the property to be received in 2008.
 - e) The Town of South Bruce Peninsula has committed to sell the former Wiarton Public School property for \$450,000, to close in 2007.
-

The Corporation of the Town of South Bruce Peninsula

Notes to Financial Statements

December 31, 2006

12. Contingencies

- a) Several lower tier municipalities on the Bruce Peninsula, including the Town of South Bruce Peninsula, have been named as defendants in a land claim action filed by the Chippewas of Saugeen and Nawash, for damages alleged to total \$92,000,000,000. Also joined as defendants in the action are the Counties of Bruce and Grey, the Province of Ontario and the Dominion of Canada. No breakdown as to each municipalities' relative share of the \$92,000,000,000 has been provided. The likelihood of the success of this action is undeterminable at the present time.
- b) The Town of South Bruce Peninsula has appealed a ruling by the Superior Court of Justice declaring that property tax assessments on a seasonal campground are not authorized under law. The impact on taxation revenue as a result of the outcome of this appeal is not determinable at this time. Any adjustments to taxation revenue will be recorded in the year in which adjustments are determined.
- c) A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.
- d) A number of applications for property tax rebates for vacant commercial and industrial buildings are currently in process. The impact on taxation revenue as a result of these rebates is not determinable at this time. The effect on taxation of these rebates will be recorded in the fiscal year in which they can be determined.
- e) The Ontario Provincial Policing 2006 adjustment to actual cost has not yet been received and is not determinable at this time. The effect on operating expenditures, if any, will be recorded in the fiscal year in which adjustments are determined.

13. Public Sector Salary Disclosure

During 2006, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Corporation of the Town of South Bruce Peninsula.

14. Trust Funds

The trust funds administered by the municipality amounting to \$238,084 (2005 - \$238,798) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

**The Corporation of the Town of South Bruce Peninsula
Schedule of Deferred Revenue**

For the year ended December 31 2006

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Lot levies	\$ 36,788	\$ -	\$ 1,436	\$ -	\$ 38,224
Recreational land	93,123	-	316	(85,000)	8,439
Parking revenues	7,519	722	322	-	8,563
	<u>\$ 137,430</u>	<u>\$ 722</u>	<u>\$ 2,074</u>	<u>\$ (85,000)</u>	<u>\$ 55,226</u>

The Corporation of the Town of South Bruce Peninsula Schedule of Current Fund Operations

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Taxation	\$ 6,231,427	\$ 6,290,205	\$ 6,091,029
Fees and user charges	2,427,484	2,587,284	2,473,527
Canada grants	-	1,552	93,328
Ontario grants	1,780,226	1,814,953	2,874,304
Municipal grants	85,800	112,274	23,170
Other	1,421,335	1,033,936	951,674
	<u>11,946,272</u>	<u>11,840,204</u>	<u>12,507,032</u>
Expenditures			
General government	1,242,373	1,198,395	1,126,432
Protection services	2,778,643	2,635,722	2,536,624
Transportation services	2,567,161	2,663,157	2,484,862
Environmental services	2,099,689	2,146,033	1,963,530
Health services	145,145	155,782	141,488
Recreation and cultural services	755,676	775,421	803,764
Planning and development	247,768	229,730	169,870
	<u>9,836,455</u>	<u>9,804,240</u>	<u>9,226,570</u>
Net revenues for the year	<u>2,109,817</u>	<u>2,035,964</u>	<u>3,280,462</u>
Financing and transfers			
Debt principal repayments	(228,788)	(228,788)	(217,332)
Transfers to capital fund operations	(1,926,821)	(1,292,453)	(1,508,592)
Transfers to reserves and reserve funds	(179,775)	(433,539)	(1,692,447)
	<u>(2,335,384)</u>	<u>(1,954,780)</u>	<u>(3,418,371)</u>
Change in fund balance for the year	(225,567)	81,184	(137,909)
Current fund, beginning of the year	<u>281,351</u>	<u>281,351</u>	<u>419,260</u>
Current fund, end of the year	<u>\$ 55,784</u>	<u>\$ 362,535</u>	<u>\$ 281,351</u>

Analyzed as follows:

Available to offset future revenue requirements:

General area taxation	\$ 334,091	\$ 202,824
Business improvement area	13,634	2,725
Other	<u>14,810</u>	<u>75,802</u>
	<u>\$ 362,535</u>	<u>\$ 281,351</u>

The Corporation of the Town of South Bruce Peninsula Schedule of Capital Fund Operations

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Canada grants	\$ 78,875	\$ 78,875	\$ -
Ontario grants	-	1,818,778	812,184
Municipal grants	-	31,173	89,716
Other	15,000	18,969	75,863
Obligatory reserve fund revenue recognized	85,000	85,000	-
	<u>178,875</u>	<u>2,032,795</u>	<u>977,763</u>
Expenditures			
General government	649,000	316,252	356,381
Protection services	660,349	391,345	31,388
Transportation services	1,845,770	1,234,849	1,058,280
Environmental services	175,943	2,733,997	784,596
Health services	5,000	-	10,010
Recreation and cultural services	270,000	250,990	147,843
Planning and development	-	-	1,733
	<u>3,606,062</u>	<u>4,927,433</u>	<u>2,390,231</u>
Net expenditures for the year	<u>(3,427,187)</u>	<u>(2,894,638)</u>	<u>(1,412,468)</u>
Financing and transfers			
Transfers from current fund operations	1,926,821	1,292,453	1,508,592
Transfers from reserves and reserve funds	1,492,394	776,918	99,833
	<u>3,419,215</u>	<u>2,069,371</u>	<u>1,608,425</u>
Change in fund balance for the year	(7,972)	(825,267)	195,957
Capital fund, beginning of the year	<u>(568,392)</u>	<u>(568,392)</u>	<u>(764,349)</u>
Capital fund, end of the year	<u>\$ (576,364)</u>	<u>\$ (1,393,659)</u>	<u>\$ (568,392)</u>

**The Corporation of the Town of South Bruce Peninsula
Schedule of Reserves and Reserve Funds**

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Other revenue	\$ -	\$ 56,345	\$ 32,055
Net transfers from (to) other funds			
Transfer from current fund operations	179,775	433,539	1,692,447
Transfer to capital fund operations	(1,492,394)	(776,918)	(99,833)
	(1,312,619)	(343,379)	1,592,614
Change in balance for the year	(1,312,619)	(287,034)	1,624,669
Restatement of opening reserves (Note 8)	-	1,288	-
	(1,312,619)	(285,746)	1,624,669
Reserves and reserve funds, beginning of the year	5,136,945	5,136,945	3,512,276
Reserves and reserve funds, end of the year	\$ 3,824,326	\$ 4,851,199	\$ 5,136,945
Analyzed as follows:			
Reserves set aside for specific purpose by Council:			
Working funds		\$ 2,250,912	\$ 2,650,606
Insurance, sick leave and WSIB		230,137	186,608
Current purposes		292,508	309,384
Capital purposes		737,831	619,947
		3,511,388	3,766,545
Reserve funds set aside for specific purpose by Council:			
Capital purposes		1,339,811	1,370,400
Reserves and reserve funds, end of the year		\$ 4,851,199	\$ 5,136,945

**The Corporation of the
Town of South Bruce Peninsula
Trust Funds
Financial Statements
For the year ended December 31, 2006**

Auditors' Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of South Bruce Peninsula**

We have audited the balance sheet of the trust funds of the Corporation of the Town of South Bruce Peninsula as at December 31, 2006 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Town of South Bruce Peninsula as at December 31, 2006 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Drummond LLP

Chartered Accountants

Owen Sound, Ontario
February 1, 2007

**The Corporation of the Town of South Bruce Peninsula
Trust Funds
Balance Sheet**

December 31, 2006

Assets	Total	Ontario Home Renewal Program	Cemetery Care and Maintenance
Cash	\$ 151,622	\$ 11,058	\$ 140,564
Investments (Note 3)	85,309	-	85,309
Loans receivable (Note 2)	12,631	12,631	-
	\$ 249,562	\$ 23,689	\$ 225,873
Liabilities			
Due to Town of South Bruce Peninsula	\$ 420	\$ -	\$ 420
Due to Province of Ontario	11,058	11,058	-
	11,478	11,058	420
Fund balance	238,084	12,631	225,453
	\$ 249,562	\$ 23,689	\$ 225,873

Statement of Continuity

For the year ended December 31, 2006

	Total	Ontario Home Renewal Program	Cemetery Care and Maintenance
Balance, beginning of the year	\$ 238,798	\$ 22,545	\$ 216,253
Receipts			
Interest earned	2,095	2,095	-
Plot sales	9,200	-	9,200
	11,295	2,095	9,200
Expenditures			
Administration fees	951	951	-
Transfer to Province of Ontario	11,058	11,058	-
	12,009	12,009	-
Balance, end of the year	\$ 238,084	\$ 12,631	\$ 225,453

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Town of South Bruce Peninsula
Trust Funds
Notes to Financial Statements**

December 31, 2006

1. Summary of Significant Accounting Policies

Management Responsibility	The consolidated financial statements of the Corporation of the Town of South Bruce Peninsula Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.
Accrual Basis of Accounting	Sources of financing and expenditures are reported on the accrual basis of accounting. 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.
Capital Assets	The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are recorded as an expenditure on the statement of continuity in the year of acquisition.

**The Corporation of the Town of South Bruce Peninsula
Trust Funds
Notes to Financial Statements**

December 31, 2006

2. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2006 comprise repayable loans of \$12,631 (2005 - \$22,545).

As of July 16, 1993 the Ontario Home Renewal Program was discontinued and municipalities were prohibited from issuing further loans as of that date. All OHRP funds held in municipal trust accounts as of December 31, 1993 were remitted to the Province by March 1, 1994. Any loans receivable under the program which are collected subsequent to December 31, 1993 were remitted to the Province by March 1 of the following year. However, municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.

3. Investments

The total investments of \$85,309 (2005 - \$84,889) reported on the Balance Sheet at cost have a market value of \$85,309 (2005 - \$84,889) at the end of the year.

**Warton Business Improvement Area
Financial Statements
For the year ended December 31, 2006**

Auditors' Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of South Bruce Peninsula and the
Board of Management of the Wiarton Business Improvement Area**

We have audited the statement of financial position of the Wiarton Business Improvement Area as at December 31, 2006 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Wiarton Business Improvement Area as at December 31, 2006 and the results of its financial activities for the year then ended in accordance with Canadian generally accepted accounting principles.

BDD Drummond LLP
Chartered Accountants

Owen Sound, Ontario
February 1, 2007

**Warton Business Improvement Area
Statement of Financial Position**

December 31	2006	2005
Assets		
Financial assets		
Due from Town of South Bruce Peninsula	\$ 22,954	\$ 12,044
Liabilities		
Loan payable - Town of South Bruce Peninsula (Note 1)	<u>115,000</u>	-
	\$ (92,046)	\$ 12,044
Municipal Position		
Municipal position		
Current fund	\$ 13,634	\$ 2,724
Capital fund (Note 2)	(115,000)	-
Reserves (Note 3)	<u>9,320</u>	<u>9,320</u>
	\$ (92,046)	\$ 12,044

Wiarthon Business Improvement Area Statement of Financial Activities

For the year ended December 31	2006	2006	2005
	Budget	Actual	Actual
Revenue			
Taxation	\$ 25,000	\$ 24,987	\$ 25,000
Other	-	2,513	819
Contribution from Chamber of Commerce	-	15,000	-
	25,000	42,500	25,819
Expenditures			
Donation to Chamber of Commerce	11,580	11,580	10,450
Promotion	13,420	5,010	6,645
Capital project - streetlighting	-	130,000	-
Transfer to reserves	-	-	9,320
	25,000	146,590	26,415
Change in fund balance for the year	\$ -	\$ (104,090)	\$ (596)

Warton Business Improvement Area Summary of Significant Accounting Policies

December 31, 2006

Management Responsibility

The financial statements of the Warton Business Improvement Area are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The Warton Business Improvement Area has been consolidated with the financial statements of The Corporation of the Town of South Bruce Peninsula.

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. 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.

The statement of financial position reflects all of the financial assets and liabilities of the Warton Business Improvement Area. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Warton Business Improvement Area, and is the difference between its assets and liabilities. This provides information about the Warton Business Improvement Area's overall future revenue requirements and its ability to finance activities and meet its obligations.

The Corporation of the Town of South Bruce Peninsula Notes to Financial Statements

December 31, 2006

1. Long-Term Liabilities

The Business Improvement Area has borrowed \$130,000 from The Town of South Bruce Peninsula to pay for its share of the cost of a streetlighting capital project. The loan is non-interest bearing and will be repaid within ten years. During 2006 the Chamber of Commerce contributed \$15,000 to the Business Improvement Area which was used to make a payment on the loan.

2. Capital Fund

	2006	2005
Capital fund, beginning of the year	\$ -	\$ -
Contribution from Chamber of Commerce	15,000	-
Capital expenditures	(130,000)	-
Capital fund, end of the year	\$ (115,000)	\$ -

3. Reserves

	2006	2005
Reserves, beginning of the year	\$ 9,320	\$ -
Transfer from current fund operations	-	9,320
Reserves, end of the year	\$ 9,320	\$ 9,320

**Warton Keppel District Airport
Joint Municipal Service Board
Financial Statements
For the year ended December 31, 2006**

Warton Keppel District Airport Joint Municipal Service Board
Financial Statements
For the year ended December 31, 2006

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Auditors' Report

**To the Commissioners of the
Warton Keppel District Airport Joint Municipal Service Board**

We have audited the statement of financial position of the Warton Keppel District Airport Joint Municipal Service Board as at December 31, 2006 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Warton Keppel District Airport Joint Municipal Service Board as at December 31, 2006 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Owen Sound, Ontario
January 25, 2007

**Warton Keppel District Airport Joint Municipal Service Board
Statement of Financial Position**

December 31	2006	2005
Assets		
Financial assets		
Cash	\$ 150	\$ 150
Trade and other receivables	2,353	1,633
Inventory held for resale	20,291	29,366
Due from supporting municipalities	34,842	19,079
	<u>\$ 57,636</u>	<u>\$ 50,228</u>
Liabilities and Municipal Position		
Liabilities		
Accounts payable and accrued liabilities	\$ 8,016	\$ 4,742
Municipal position		
Current fund	29,620	45,486
Reserves (Note 1)	20,000	-
	<u>49,620</u>	<u>45,486</u>
	<u>\$ 57,636</u>	<u>\$ 50,228</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Warton Keppel District Airport Joint Municipal Service Board Statement of Financial Activities

For the year ended December 31	2006	2006	2005
	Budget	Actual	Actual
Revenue			
Contributions from municipalities			
Town of South Bruce Peninsula	\$ 76,201	\$ 76,201	\$ 61,427
Township of Georgian Bluffs	76,201	76,201	61,427
Canada grants	-	-	922
Sale of fuel	102,500	123,348	109,146
Land leases and rentals	41,500	50,023	55,688
Landing fees and parking	2,000	3,732	3,020
Other income	500	444	354
	<u>298,902</u>	<u>329,949</u>	<u>291,984</u>
Expenditures			
Current			
Advertising	5,000	677	4,752
Audit fees	2,000	1,750	1,750
Fuel	80,000	100,431	83,642
Insurance	10,500	9,884	9,874
Maintenance and repairs	20,500	18,761	22,413
Management contract	80,039	82,448	78,162
Miscellaneous	3,000	1,481	3,903
Office, administration and telephone	14,263	13,396	15,208
Property taxes	6,000	2,847	4,519
Utilities	28,800	33,286	27,424
Vehicle expense - fuel	8,800	7,560	4,881
	<u>258,902</u>	<u>272,521</u>	<u>256,528</u>
Capital			
Capital projects	85,486	53,294	20,290
	<u>344,388</u>	<u>325,815</u>	<u>276,818</u>
Change in fund balances for the year	\$ (45,486)	\$ 4,134	\$ 15,166

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Warton Keppel District Airport Joint Municipal Service Board Statement of Changes in Financial Position

For the year ended December 31	2006	2005
Cash provided by (used in)		
Operating activities		
Net revenue for the year	\$ 4,134	\$ 15,166
Changes in non-cash working capital balances		
Trade and other receivables	(720)	653
Due from supporting municipalities	(15,763)	15,068
Inventory held for resale	9,075	(3,876)
Accounts payable and accrued liabilities	3,274	(27,011)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	150	150
Cash and cash equivalents, end of year	\$ 150	\$ 150

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Warton Keppel District Airport Joint Municipal Service Board Summary of Significant Accounting Policies

December 31, 2006

Management Responsibility

The financial statements of the Warton Keppel District Airport Joint Municipal Service Board are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The Warton Keppel District Airport Joint Municipal Service Board has been proportionately consolidated with the financial statements of The Corporation of the Town of South Bruce Peninsula and the Corporation of the Township of Georgian Bluffs.

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. 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.

The statement of financial position reflects all of the financial assets and liabilities of the Warton Keppel District Airport Joint Municipal Service Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Warton Keppel District Airport Joint Municipal Service Board, and is the difference between its assets and liabilities. This provides information about the Warton Keppel District Airport Joint Municipal Service Board's overall future revenue requirements and its ability to finance activities and meet its obligations.

Inventory

Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the last-in, first-out basis.

Warton Keppel District Airport Joint Municipal Service Board Summary of Significant Accounting Policies

December 31, 2006

Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition.

Wiarton Keppel District Airport Joint Municipal Service Board Notes to Financial Statements

December 31, 2006

1. Reserves

	<u>2006</u>	<u>2005</u>
Reserves, beginning of the year	\$ -	\$ -
Transfers from the current fund	<u>20,000</u>	-
Reserves, end of the year	<u>\$ 20,000</u>	\$ -

The reserves at the end of the year are comprised of the following:

	<u>2006</u>	<u>2005</u>
Terminal building roof replacement	<u>\$ 20,000</u>	\$ -

2. Agreement

On December 9, 2002 the Town of South Bruce Peninsula and the Township of Georgian Bluffs signed an agreement to form a joint municipal service board to operate and maintain the Wiarton/Keppel District Airport. This agreement shall remain in force until termination by either party. Termination will be deemed to be effective on January 1st of the year following delivery of written notice of termination by one party to the other party.

The Town of South Bruce Peninsula and the Township of Georgian Bluffs have each agreed to share budgeted operating deficits equally.

3. Commitments

The Wiarton Keppel District Airport Joint Municipal Service Board has entered into an agreement with Doug Sykes to manage the Airport for an annual fee of \$86,500 per year plus inflation, from August 1, 2006 to December 31, 2009.
