

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005

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CONSOLIDATED FINANCIAL STATEMENTS
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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the consolidated statement of financial position of the Corporation of the Township of Essa as at December 31, 2005 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 Township'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 Township as at December 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas

Lindsay, Ontario
April 6, 2006

Chartered Accountants

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2005

	2005 \$	2004 \$
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments	9,196,947	7,693,510
Taxes receivable	1,113,310	1,093,602
Trade and other receivables	2,255,006	870,452
Other assets	2,900	13,763
Long term receivables (Note 4)	436,190	589,467
TOTAL ASSETS	13,004,353	10,260,794
LIABILITIES AND MUNICIPAL POSITION		
LIABILITIES		
Temporary advances (Notes 7 and 8)	5,195,494	165,994
Accounts payable and accrued liabilities	2,138,251	506,648
Other liabilities	488,601	424,816
Deferred revenue - other	289,134	167,213
Deferred revenue - obligatory reserve funds (Note 5)	3,591,746	3,770,138
Employee future benefits payable (Note 3)	402,942	293,238
Long term debt (Note 6)	3,899,140	4,127,000
TOTAL LIABILITIES	16,005,308	9,455,047
MUNICIPAL POSITION		
Fund Balances (Note 8)		
Current fund	3,594	644,251
Capital fund	(5,878,252)	(841,945)
Reserves and reserve funds (see Schedule page 14)	7,175,785	5,423,679
	1,301,127	5,225,985
Amounts To Be Recovered (Note 10)	(4,302,082)	(4,420,238)
TOTAL MUNICIPAL POSITION	(3,000,955)	805,747
TOTAL LIABILITIES AND MUNICIPAL POSITION	13,004,353	10,260,794

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2005

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Taxation	6,685,099	6,691,226	6,486,413
User charges	2,581,682	3,215,967	2,970,361
Province of Ontario	1,458,118	2,311,564	625,459
Government of Canada	13,374	673,484	13,886
Other municipalities	359,812	294,141	223,431
Penalties and interest on taxes	150,000	151,234	169,879
Investment income	121,375	282,814	150,701
Development charges earned	2,196,616	3,619,721	94,945
Sale of land	675,000	6,694	60,500
TOTAL REVENUES	14,241,076	17,246,845	10,795,575
EXPENDITURES			
General government	924,968	937,945	934,949
Protection services	2,939,684	2,988,190	2,445,210
Transportation services	5,368,686	5,187,503	3,241,247
Environmental services	13,157,631	10,002,471	2,658,249
Health services	3,500	3,603	-
Social and family services	15,537	17,917	20,047
Recreation and cultural services	1,869,923	1,603,947	1,623,419
Planning and development	334,877	311,971	379,388
TOTAL EXPENDITURES	24,614,806	21,053,547	11,302,509
NET REVENUES/(EXPENDITURES)	(10,373,730)	(3,806,702)	(506,934)
INCREASE (DECREASE) IN AMOUNTS TO BE RECOVERED			
Long term debt issued	-	-	4,127,000
Long term debt repaid	-	(227,860)	-
Employee future benefits payable	-	109,704	37,560
	-	(118,156)	4,164,560
INCREASE (DECREASE) IN FUND BALANCES	(10,373,730)	(3,924,858)	3,657,626
OPENING FUND BALANCES	5,225,985	5,225,985	1,568,359
CLOSING FUND BALANCES	(5,147,745)	1,301,127	5,225,985

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2005

	2005 \$	2004 \$
OPERATIONS		
Net revenues/(expenditures)	(3,806,702)	(506,934)
Sources (Uses):		
(Increase) decrease in taxes receivable	(19,708)	102,014
(Increase) decrease in trade and other receivables	(1,384,554)	(81,704)
(Increase) decrease in other assets	10,863	(3,218)
(Increase) decrease in long term receivables	153,277	12,252
Increase (decrease) in accounts payable and accrued liabilities	1,631,603	(1,183,208)
Increase (decrease) in other liabilities	63,785	16,196
Increase (decrease) in deferred revenue - other	121,921	(7,300)
Increase (decrease) in deferred revenue - obligatory reserve funds	(178,392)	1,586,884
Increase (decrease) in employee future benefits payable	109,704	37,560
Net increase (decrease) in cash from operations	(3,298,203)	(27,458)
FINANCING		
Long term debt issued	-	4,127,000
Long term debt repaid	(227,860)	-
	(227,860)	4,127,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,526,063)	4,099,542
OPENING CASH AND CASH EQUIVALENTS	7,527,516	3,427,974
CLOSING CASH AND CASH EQUIVALENTS	4,001,453	7,527,516
REPRESENTED BY:		
Cash	9,196,947	7,693,510
Temporary advances	(5,195,494)	(165,994)
	4,001,453	7,527,516

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

The Township of Essa is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures and fund balances of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. These financial statements include:

- . Centennial Public Library Board
- . Angus Business Improvement Area Board

All interfund assets and liabilities and revenues and expenditures are eliminated.

Fund Accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Recognition of Revenues and Expenditures

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 and services and the creation of a legal obligation to pay.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Consolidated Statement of Financial Activities in the period incurred.

Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Deferred Revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The municipality's financial instruments consist of cash and temporary investments, taxes receivable, trade and other receivables, long term receivables, accounts payable and accrued liabilities, long term debt and temporary advances. The municipality's temporary advances are at a variable rate of interest and as such represents a credit risk to the municipality should interest rates fluctuate. The municipality does not have any other significant concentration of currency or credit risks.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2005, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	4,006,673	3,004,624
Taxation from other governments	393,010	739,019
Amount requisitioned and remitted	4,399,683	3,743,643

These amounts have not been included in the Consolidated Statement of Financial Activities.

3. EMPLOYEE FUTURE BENEFITS PAYABLE

The municipality provides certain employee benefits which will require funding in future periods as follows:

	2005 \$	2004 \$
. extended health care benefits	311,074	205,573
. vacation pay entitlement	91,868	87,665
	402,942	293,238

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2005

4. LONG TERM RECEIVABLES

Long term receivables consist of the following:

	2005 \$	2004 \$
Note receivable, repayable in 15 blended annual payments of \$38,057, including principal and interest at 5%, secured by a mortgage on real estate	307,656	339,010
Amount receivable from sewer users, repayable in blended monthly payments of \$8,176, including principal and interest at prime bank rate less ¼%.	33,697	128,357
Amount receivable from sewer users, repayable in 10 blended annual payments of \$16,326, including principal and interest at 6%.	94,837	122,100
	436,190	589,467

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as Provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the municipality are summarized below.

	2005 \$	2004 \$
. development charges	2,679,138	3,292,937
. parklands	114,068	62,537
. Brown's Line and bridge	634,667	414,664
. Federal gas tax revenues	163,873	-
	3,591,746	3,770,138

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2005

6. LONG TERM DEBT

	2005 \$	2004 \$	
(a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:			
Ontario Municipal Economic Infrastructure Financing Authority Debenture, matures December 2, 2019. It is repayable in blended semi annual payments of \$167,252 bears interest at 2.62% per annum.	3,899,140	4,127,000	
(b) The long term debt reported in (a) of this note is repayable as follows:			
	Principal \$	Interest \$	Total \$
2006	233,869	100,636	334,505
2007	240,036	94,468	334,504
2008	246,367	88,138	334,505
2009	252,864	81,641	334,505
2010	259,532	74,972	334,504
	1,232,668	439,855	1,672,523
2011 - 2015	1,404,006	268,515	1,672,521
2016 and thereafter	1,262,466	75,553	1,338,019
	3,899,140	783,923	4,683,063

- (c) The long term debt in (a) issued in the name of the municipality has been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The long term debt principal and interest payments will be recovered from water user charges.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2005

7. TEMPORARY ADVANCES

Temporary advances consist of the following:

	2005 \$	2004 \$
Temporary advances, beginning of year	165,994	-
Ontario Municipal Economic Infrastructure Financing Authority Advances during the year	-	4,292,994
Repaid through debenture proceeds	-	(4,127,000)
Ontario Strategic Infrastructure Financing Authority Advances during the year	5,029,500	-
Temporary advances, end of year	5,195,494	165,994

8. MUNICIPAL POSITION AT THE END OF THE YEAR

The municipal position is comprised of the following:

	2005 \$	2004 \$
Current fund		
For general reduction of (to be recovered from) taxation and user charges		
· Township	86,021	(49,124)
· Streetlights	(6,169)	34,999
· Waterworks	53,644	312,917
· Sewage	(140,132)	331,499
· Library Board	10,230	13,960
	3,594	644,251
Capital fund		
· Waterworks	657,899	(86,609)
· Sewage	(6,536,151)	(738,963)
· Transportation	-	(16,373)
	(5,878,252)	(841,945)
Reserves	7,053,670	5,322,284
Reserve funds	122,115	101,395
	7,175,785	5,423,679
	1,301,127	5,225,985

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2005

8. MUNICIPAL POSITION AT THE END OF THE YEAR - (Continued)

The capital fund deficit will be funded in subsequent years through recoveries from users of the water and sewer systems to which these upgrades relate and long term debt. During the year the municipality received approval from the Ontario Strategic Infrastructure Financing Authority of up to \$10,263,000 in short term financing for costs incurred in 2005 and subsequent years to complete these upgrade projects. Advances of \$5,029,500 were received in 2005. Subsequent to the year end, the municipality has issued a debenture in the amount of \$5,029,500, with 4.78% interest amortized over 25 years.

9. EXPENDITURES BY OBJECT

The operating expenditures for the year reported on the Schedule of Current Fund operations by object are as follows:

	2005 \$	2004 \$
Salaries, wages and employee benefits	2,893,833	2,677,563
Debt interest charges	106,645	-
Materials	2,121,950	2,167,953
Contracted services	3,317,362	3,010,118
Rents and financial expenses	130,580	124,185
External transfers	118,792	116,670
	8,689,162	8,096,489

10. AMOUNTS TO BE RECOVERED

Amounts to be recovered consist of the outstanding principal portion of unmatured long term liabilities for municipal expenditures and employee future benefits payable. The balance consists of:

	2005 \$	2004 \$
Employee future benefits payable	402,942	293,238
Long term debt to be recovered from local improvement charges	2,662,644	2,799,199
Long term debt to be recovered from future local improvement charges and government transfer payments	1,236,496	1,327,801
	4,302,082	4,420,238

11. CONTRACTUAL OBLIGATION - ONTARIO CLEAN WATER AGENCY (OCWA)

The municipality has entered into a Service Agreement with OCWA to provide operating maintenance of its wastewater facilities and water facilities. Included in the Consolidated Statement of Financial Activities are the operating charges from OCWA of \$628,773 (2004 - \$606,729). The agreement requires annual payments of \$560,516 plus cumulative annual inflation adjustments for 2005 and 2006.

CORPORATION OF THE TOWNSHIP OF ESSA**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

12. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution on account of current service in 2005 amounted to \$107,775 (2004 \$102,767) for current service and is included as an expenditure in the Consolidated Statement of Financial Activities.

13. WASTE MANAGEMENT SETTLEMENT

A settlement has been reached between the County of Simcoe and the Township of Essa regarding the transfer of landfill site assets and liabilities to the County. Under the terms of the settlement, the County has reduced the tippage fees during 2005 by \$134,677 (2004 - \$157,436). The balance of the settlement of \$198,681 (2004 - \$333,358) will be realized by future reduction in tippage fees and has not been reflected in the Consolidated Statement of Financial Position.

14. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with the current year actual amounts they have been reflected on the Consolidated Statement of Financial Activities and the Schedules of Current Fund Operations, Capital Fund Operations and Reserves and Reserve Funds. The budget figures are not subject to audit.

15. TILE DRAINAGE LOANS

The Township acts as a collection agent for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2005 is \$73,566 (2004 - \$58,558). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Financial Activities and Changes in Financial Position.

16. COMMITMENTS

The Township of Essa has entered into an agreement with King City Group to complete the Angus sewer expansion. The total tender amount is \$9,127,390 which is to be financed through government grants, development charges and the issuance of long term debt. The cost recorded in these consolidated financial statements for work completed to December 31, 2005 is \$5,870,500. The remaining \$3,346,890 of this contract will be completed subsequent to December 31, 2005.

17. COMPARATIVE FIGURES

Comparative figures were reclassified, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS

For The Year Ended December 31, 2005

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Taxation	6,685,099	6,691,226	6,486,413
User charges	2,579,182	3,195,929	2,608,119
Province of Ontario	1,454,118	1,634,603	609,523
Government of Canada	13,374	21,596	13,886
Other municipalities	359,812	294,141	223,431
Penalties and interest on taxes	150,000	151,234	169,879
Investment income	121,375	280,126	148,838
Development charges earned	-	6,200	-
Sale of land	675,000	6,694	60,500
TOTAL REVENUES	12,037,960	12,281,749	10,320,589
EXPENDITURES			
General government	875,383	902,441	843,409
Protection services	2,639,323	2,623,583	2,286,859
Transportation services	1,630,786	1,686,097	1,632,448
Environmental services	1,774,771	1,903,622	1,740,761
Health services	3,500	3,603	-
Social and family services	15,537	17,917	20,047
Recreation and cultural services	1,232,037	1,247,586	1,210,054
Planning and development	322,427	304,313	362,911
TOTAL CURRENT EXPENDITURES	8,493,764	8,689,162	8,096,489
NET REVENUES/(EXPENDITURES)	3,544,196	3,592,587	2,224,100
FINANCING AND TRANSFERS			
Long term debt repaid	-	(227,860)	-
Transfer (to) from capital fund	(2,166,559)	(1,888,478)	(2,034,951)
Transfer (to) from reserves and reserve funds	(1,264,722)	(2,226,610)	(480,461)
Employee future benefits payable	-	109,704	37,560
NET FINANCING AND TRANSFERS	(3,431,281)	(4,233,244)	(2,477,852)
CHANGE IN CURRENT FUND BALANCE	112,915	(640,657)	(253,752)
OPENING CURRENT FUND BALANCE	644,251	644,251	898,003
CLOSING CURRENT FUND BALANCE	757,166	3,594	644,251

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
For The Year Ended December 31, 2005

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Province of Ontario	4,000	676,961	15,936
Government of Canada	-	651,888	-
Other	2,500	20,038	4,187
Development charges earned	2,196,616	3,613,521	94,945
Local improvement charges	-	-	358,055
TOTAL REVENUES	2,203,116	4,962,408	473,123
EXPENDITURES			
General government	49,585	35,504	91,540
Protection services	300,361	364,607	158,351
Transportation services	3,737,900	3,501,406	1,608,799
Environmental services	11,382,860	8,098,849	917,488
Recreation and cultural services	637,886	356,361	413,365
Planning and development	12,450	7,658	16,477
TOTAL CAPITAL EXPENDITURES	16,121,042	12,364,385	3,206,020
NET REVENUES/(EXPENDITURES)	(13,917,926)	(7,401,977)	(2,732,897)
FINANCING AND TRANSFERS			
Long term debt issued	-	-	4,127,000
Transfers from current fund	2,166,559	1,888,478	2,034,951
Transfers from reserves and reserve funds	479,567	477,192	214,132
NET FINANCING AND TRANSFERS	2,646,126	2,365,670	6,376,083
CHANGE IN CAPITAL FUND BALANCE	(11,271,800)	(5,036,307)	3,643,186
OPENING CAPITAL FUND BALANCE	(841,945)	(841,945)	(4,485,131)
CLOSING CAPITAL FUND BALANCE	(12,113,745)	(5,878,252)	(841,945)

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS
For The Year Ended December 31, 2005

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Investment income	-	2,688	1,863
TOTAL REVENUES	-	2,688	1,863
NET TRANSFERS FROM (TO) OTHER FUNDS			
Current fund	1,264,722	2,226,610	480,461
Capital fund	(479,567)	(477,192)	(214,132)
TOTAL NET TRANSFERS	785,155	1,749,418	266,329
CHANGE IN RESERVE AND RESERVE FUND BALANCES	785,155	1,752,106	268,192
OPENING RESERVE AND RESERVE FUND BALANCES	5,423,679	5,423,679	5,155,487
CLOSING RESERVE AND RESERVE FUND BALANCES	6,208,834	7,175,785	5,423,679
ANALYZED AS FOLLOWS:			
Reserves set aside for specific purposes by Council			
. working funds		934,935	934,935
. contingencies		37,372	37,372
. acquisition of capital assets		5,372,148	4,124,504
. operations		709,215	225,473
TOTAL RESERVES		7,053,670	5,322,284
Reserve funds set aside for specific purposes by Council			
. water and sewer services		106,374	89,270
. BIA		15,741	12,125
TOTAL RESERVE FUNDS		122,115	101,395
TOTAL RESERVES AND RESERVE FUNDS		7,175,785	5,423,679

CORPORATION OF THE TOWNSHIP OF ESSA

WATERWORKS SYSTEM
SCHEDULE OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2005

	Budget 2005 \$	Current Fund \$	Capital Fund \$	Reserve and Reserve Fund \$	Actual 2005 \$	Actual 2004 \$
REVENUES						
Service fees	773,700	980,966	-	-	980,966	768,389
Frontage and connection fees	-	149,566	-	-	149,566	23,730
Transfer payments from other governments	-	-	1,320,232	-	1,320,232	-
Investment income	-	98,221	-	567	98,788	110
Penalties and interest	8,000	12,415	-	-	12,415	8,697
Other	49,000	66,198	-	-	66,198	53,143
Development charges earned	-	-	178,000	-	178,000	-
Commuted local improvement charges	-	-	-	-	-	226,055
TOTAL REVENUES	830,700	1,307,366	1,498,232	567	2,806,165	1,080,124
EXPENDITURES						
CURRENT						
Transmission and distribution	332,100	337,857	-	-	337,857	331,550
Utilities	77,700	77,272	-	-	77,272	76,460
Administration	44,721	47,163	-	-	47,163	48,403
Interest on long term debt	-	106,645	-	-	106,645	-
TOTAL CURRENT EXPENDITURES	454,521	568,937	-	-	568,937	456,413
CAPITAL EXPENDITURES						
System improvements	5,277,680	-	798,988	-	798,988	459,075
TOTAL EXPENDITURES	5,732,201	568,937	798,988	-	1,367,925	915,488
NET REVENUES/ (EXPENDITURES)	(4,901,501)	738,429	699,244	567	1,438,240	164,636
FINANCING AND TRANSFERS						
Interfund transfers	-	(769,842)	45,264	724,578	-	-
Long term debt issued	-	-	-	-	-	4,127,000
Long term debt repaid	-	(227,860)	-	-	(227,860)	-
CHANGE IN FUND BALANCES	(4,901,501)	(259,273)	744,508	725,145	1,210,380	4,291,636
OPENING FUND BALANCES	470,799	312,917	(86,609)	244,491	470,799	(3,820,837)
CLOSING FUND BALANCES	(4,430,702)	53,644	657,899	969,636	1,681,179	470,799

**SEWAGE SYSTEM
SCHEDULE OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2005**

	Budget 2005 \$	Current Fund \$	Capital Fund \$	Reserve and Reserve Fund \$	Actual 2005 \$	Actual 2004 \$
REVENUES						
Service fees	570,000	589,984	-	-	589,984	568,525
Frontage and connection fees	44,706	46,077	-	-	46,077	46,990
Investment income	-	-	-	1,824	1,824	1,529
Penalties and interest	7,000	7,194	-	-	7,194	7,017
Other	4,000	7,675	-	-	7,675	5,100
Development charges earned	-	-	1,429,386	-	1,429,386	-
Local improvement charges	-	-	-	-	-	132,000
TOTAL REVENUES	625,706	650,930	1,429,386	1,824	2,082,140	761,161
EXPENDITURES						
CURRENT						
Transmission and distribution	343,831	350,599	-	-	350,599	331,594
Utilities	77,000	76,621	-	-	76,621	75,687
Administration	13,305	13,710	-	-	13,710	15,131
Financial expense	98,112	98,112	-	-	98,112	98,112
TOTAL CURRENT EXPENDITURES	532,248	539,042	-	-	539,042	520,524
CAPITAL EXPENDITURES						
System improvements	6,090,180	-	7,272,224	-	7,272,224	458,414
TOTAL EXPENDITURES	6,622,428	539,042	7,272,224	-	7,811,266	978,938
NET REVENUES/ (EXPENDITURES)	(5,996,722)	111,888	(5,842,838)	1,824	(5,729,126)	(217,777)
FINANCING AND TRANSFERS						
Interfund transfers	-	(583,519)	45,650	537,869	-	-
CHANGE IN FUND BALANCES	(5,996,722)	(471,631)	(5,797,188)	539,693	(5,729,126)	(217,777)
OPENING FUND BALANCES	(258,503)	331,499	(738,963)	148,961	(258,503)	(40,726)
CLOSING FUND BALANCES	(6,255,225)	(140,132)	(6,536,151)	688,654	(5,987,629)	(258,503)

CORPORATION OF THE TOWNSHIP OF ESSA
CENTENNIAL PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2005

AUDITORS' REPORT

TO THE MEMBERS OF THE CENTENNIAL PUBLIC LIBRARY BOARD, MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the statement of financial position of the Centennial Public Library Board of the Corporation of the Township of Essa as at December 31, 2005 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board'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 Board as at December 31, 2005 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas

Lindsay, Ontario
April 6, 2006

Chartered Accountants

CORPORATION OF THE TOWNSHIP OF ESSA

**CENTENNIAL PUBLIC LIBRARY BOARD
 STATEMENT OF FINANCIAL POSITION
 At December 31, 2005**

	2005 \$	2004 \$
ASSETS		
FINANCIAL ASSETS		
Cash	34,442	2,683
Trade and other receivables	4,218	832
Other assets	1,519	12,017
Due from Township	5,819	2,987
TOTAL ASSETS	45,998	18,519
LIABILITIES AND MUNICIPAL POSITION		
LIABILITIES		
Accounts payable	1,068	4,559
Deferred revenue	34,700	-
TOTAL LIABILITIES	35,768	4,559
MUNICIPAL POSITION		
Fund Balance		
Current fund	10,230	13,960
TOTAL MUNICIPAL POSITION	10,230	13,960
TOTAL LIABILITIES AND MUNICIPAL POSITION	45,998	18,519

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

**CENTENNIAL PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2005**

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Contribution from Township	306,380	307,473	286,430
Province of Ontario	25,297	25,297	32,597
Government of Canada	9,374	14,552	8,636
Other	9,665	9,272	9,637
TOTAL REVENUES	350,716	356,594	337,300
EXPENDITURES			
CURRENT			
Salaries and benefits	217,679	218,732	226,456
Books, audio and periodicals	61,193	70,532	43,777
Utilities	12,750	10,457	12,182
Insurance and audit	4,946	4,868	3,655
Repairs and maintenance	9,200	9,346	6,698
Contracted services	8,778	8,778	8,294
Other operating costs	17,655	18,010	12,280
TOTAL CURRENT EXPENDITURES	332,201	340,723	313,342
TOTAL CAPITAL EXPENDITURES	19,552	19,601	27,297
TOTAL EXPENDITURES	351,753	360,324	340,639
NET REVENUES/(EXPENDITURES) AND CHANGES IN FUND BALANCE	(1,037)	(3,730)	(3,339)
OPENING FUND BALANCE	13,960	13,960	17,299
CLOSING FUND BALANCE	12,923	10,230	13,960

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

CENTENNIAL PUBLIC LIBRARY BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2005

	2005 \$	2004 \$
OPERATIONS		
Net revenues/(expenditures)	(3,730)	(3,339)
Sources (Uses):		
(Increase) decrease in trade and other receivables	(3,386)	196
(Increase) decrease in other assets	10,498	(1,472)
(Increase) decrease in due from Township	(2,832)	(1,009)
Increase (decrease) in accounts payable	(3,491)	3,591
Increase (decrease) in deferred revenue	34,700	(7,300)
Net increase (decrease) in cash from operations	31,759	(9,333)
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,379	(9,333)
OPENING CASH AND CASH EQUIVALENTS	2,683	12,016
CLOSING CASH AND CASH EQUIVALENTS	34,442	2,683

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA**CENTENNIAL PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Fund Accounting

Funds within the financial statements consist of current and capital funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Recognition of Revenues and Expenditures

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 and services and the creation of a legal obligation to pay.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Statement of Financial Activities in the period incurred.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The Board's financial instruments consist of cash, trade and other receivables, amount due to Township and accounts payable. The carrying value of the financial instruments approximates their fair values due to their immediate or short-term maturity. The Board does not have any significant concentration of credit risk.

2. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with the current year actual amounts they have been reflected on the Statement of Financial Activities and the Schedules of Current Fund Operations and Capital Fund Operations. The budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF ESSA

**CENTENNIAL PUBLIC LIBRARY BOARD
 SCHEDULE OF CURRENT FUND OPERATIONS
 For The Year Ended December 31, 2005**

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Contribution from Township	306,380	307,473	286,430
Province of Ontario	25,297	25,297	25,297
Government of Canada	5,374	5,935	-
Other	9,665	9,272	9,637
TOTAL REVENUES	346,716	347,977	321,364
EXPENDITURES			
Salaries and benefits	217,679	218,732	226,456
Books, audio and periodicals	61,193	70,532	43,777
Utilities	12,750	10,457	12,182
Insurance and audit	4,946	4,868	3,655
Repairs and maintenance	9,200	9,346	6,698
Contracted services	8,778	8,778	8,294
Other operating costs	17,655	18,010	12,280
TOTAL CURRENT EXPENDITURES	332,201	340,723	313,342
NET REVENUES/(EXPENDITURES)	14,515	7,254	8,022
NET TRANSFERS FROM (TO) OTHER FUND			
Capital fund	(15,552)	(10,984)	(11,361)
CHANGE IN CURRENT FUND BALANCE	(1,037)	(3,730)	(3,339)
OPENING CURRENT FUND BALANCE	13,960	13,960	17,299
CLOSING CURRENT FUND BALANCE	12,923	10,230	13,960

CORPORATION OF THE TOWNSHIP OF ESSA

**CENTENNIAL PUBLIC LIBRARY BOARD
 SCHEDULE OF CAPITAL FUND OPERATIONS
 For The Year Ended December 31, 2005**

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Province of Ontario	-	-	7,300
Government of Canada	4,000	8,617	8,636
TOTAL REVENUES	4,000	8,617	15,936
CAPITAL EXPENDITURES			
Building and equipment	19,552	19,601	27,297
NET REVENUE/(EXPENDITURES)	(15,552)	(10,984)	(11,361)
NET TRANSFERS FROM (TO) OTHER FUND			
Current fund	15,552	10,984	11,361
CHANGE IN CAPITAL FUND BALANCE	-	-	-
OPENING CAPITAL FUND BALANCE	-	-	-
CLOSING CAPITAL FUND BALANCE	-	-	-

**CORPORATION OF THE
TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2005**

AUDITORS' REPORT

TO THE MEMBERS OF THE ANGUS BUSINESS IMPROVEMENT AREA BOARD, MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF ESSA

We have audited the statement of financial position of the Angus Business Improvement Area Board of the Corporation of the Township of Essa as at December 31, 2005 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board'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 presents fairly, in all material respects, the financial position of the Board as at December 31, 2005 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas

Lindsay, Ontario
April 6, 2006

Chartered Accountants

ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2005

	2005 \$	2004 \$
FINANCIAL ASSETS		
Cash and temporary investments	15,741	12,125
TOTAL ASSETS	15,741	12,125
MUNICIPAL POSITION		
Fund Balance		
Reserve fund	15,741	12,125
TOTAL MUNICIPAL POSITION	15,741	12,125

The accompanying note is an integral part of this financial statement.

ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2005

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Taxation	15,750	15,750	10,000
Investment income	-	296	223
TOTAL REVENUES	15,750	16,046	10,223
EXPENDITURES			
CURRENT			
Audit	500	500	500
Decorations and maintenance	15,000	11,585	7,948
Tax write-offs	250	345	70
TOTAL EXPENDITURES	15,750	12,430	8,518
NET REVENUES/(EXPENDITURES) AND CHANGE IN FUND BALANCE	-	3,616	1,705
OPENING FUND BALANCE	12,125	12,125	10,420
CLOSING FUND BALANCE	12,125	15,741	12,125

The accompanying note is an integral part of this financial statement.

ANGUS BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2005

	2005 \$	2004 \$
OPERATIONS		
Net revenues	3,616	1,705
Net increase (decrease) in cash from operations	3,616	1,705
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,616	1,705
OPENING CASH AND CASH EQUIVALENTS	12,125	10,420
CLOSING CASH AND CASH EQUIVALENTS	15,741	12,125

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Fund Accounting

Funds within the financial statements consist of the current and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Recognition of Revenues and Expenditures

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 and services and the creation of a legal obligation to pay.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Statement of Financial Activities in the period incurred.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The Board's financial instruments consist of cash and temporary investments. The Board does not have any significant concentration of credit risk.

Reserves and Reserve Funds

Certain amounts, as approved by the Board, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

2. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with the current year actual amounts they have been reflected on the Statement of Financial Activities and the Schedules of Current Fund Operations and Capital Fund Operations. The budget figures are not subject to audit.

3. COMPARATIVE FIGURES

Comparative figures were reclassified, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
 SCHEDULE OF CURRENT FUND OPERATIONS
 For The Year Ended December 31, 2005**

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Taxation	15,750	15,750	10,000
TOTAL REVENUES	15,750	15,750	10,000
EXPENDITURES			
CURRENT			
Audit	500	500	500
Decorations and maintenance	15,000	11,585	7,948
Tax write-offs	250	345	70
TOTAL CURRENT EXPENDITURES	15,750	12,430	8,518
NET REVENUES/(EXPENDITURES)	-	3,320	1,482
NET TRANSFERS FROM (TO) OTHER FUND			
Reserve fund	-	(3,320)	(1,482)
CHANGE IN CURRENT FUND BALANCE	-	-	-
OPENING CURRENT FUND BALANCE	-	-	-
CLOSING CURRENT FUND BALANCE	-	-	-

CORPORATION OF THE TOWNSHIP OF ESSA

**ANGUS BUSINESS IMPROVEMENT AREA BOARD
SCHEDULE OF RESERVE FUND
For The Year Ended December 31, 2005**

	Budget 2005 \$	Actual 2005 \$	Actual 2004 \$
REVENUES			
Investment income	-	296	223
NET TRANSFERS FROM (TO) OTHER FUND			
Current fund	-	3,320	1,482
CHANGE IN RESERVE FUND BALANCE	-	3,616	1,705
OPENING RESERVE FUND BALANCE	12,125	12,125	10,420
CLOSING RESERVE FUND BALANCE	12,125	15,741	12,125