

TOWNSHIP OF NORWICH

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005

**TOWNSHIP OF NORWICH
CONSOLIDATED FINANCIAL STATEMENTS INDEX
FOR THE YEAR ENDED DECEMBER 31, 2005**

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MILLARD, ROUSE AND ROSEBRUGH LLP
CHARTERED ACCOUNTANTS

85 Robinson Street
Simcoe, Ontario

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Norwich

We have audited the Consolidated Balance Sheet of the Corporation of the Township of Norwich as at December 31, 2005 and the Consolidated Statements of Operations and Cash Flow for the year then ended. These financial statements are the responsibility of 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 Township of Norwich as at December 31, 2005 and the results of its operations and changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles as disclosed in Note 1 to the financial statements.

Millard, Rouse & Rosebrugh LLP

CHARTERED ACCOUNTANTS

**April 28, 2006
Simcoe, Ontario**

**TOWNSHIP OF NORWICH
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2005**

ASSETS	2005	2004
	\$	\$
FINANCIAL ASSETS		
Cash and Bank	73,574	5,412
Short Term Investments (Note 4)	294,729	1,103,640
Taxes Receivable	1,466,015	1,169,531
Accounts Receivable	312,810	228,333
Other Current Assets	21,802	20,525
Mortgages Receivable	12,500	13,000
Investment in Erie Thames Power Corporation (Note 11)	1,165,236	1,145,684
	<u>3,346,666</u>	<u>3,686,125</u>
 LIABILITIES AND MUNICIPAL POSITION		
LIABILITIES		
Bank Indebtedness (Note 7)	2,600,000	47,250
Accounts Payable and Accrued Liabilities	193,548	111,345
Other Current Liabilities	96,963	52,159
Deferred Revenue (Note 8)	275,857	194,187
Long Term Liabilities (Note 9)	670,425	824,608
	<u>3,836,793</u>	<u>1,229,549</u>
 MUNICIPAL POSITION (Note 10)		
Operating Funds	(14,935)	211,230
Capital Fund	(3,410,953)	(229,232)
Reserves and Reserve Funds	2,440,950	2,153,502
Equity in Erie Thames Power Corporation (Note 11)	1,165,236	1,145,684
	<u>180,298</u>	<u>3,281,184</u>
Total Fund Balances	(670,425)	(824,608)
Amounts to be Recovered in Future Years	<u>(490,127)</u>	<u>2,456,576</u>
	<u>3,346,666</u>	<u>3,686,125</u>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF NORWICH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005	2004
	\$	\$
REVENUE		
Taxation	3,839,349	3,636,882
Payments in Lieu of Taxes	63,026	61,756
User Charges	641,260	1,017,996
Grants	2,473,919	1,434,223
Fines	823	3,199
Penalties and Interest on Taxes	182,038	148,241
Investment Income	130,286	132,915
Sale of Assets	82,172	102,655
Prepaid Special Charges	71,304	8,038
Donations	278,650	58,153
Development Contributions	22,113	21,220
	<u>7,784,940</u>	<u>6,625,278</u>
EXPENDITURES		
Current Operations		
General Government	646,927	637,846
Protection Services	2,073,305	1,986,988
Transportation Services	1,831,542	1,646,509
Environmental Services	----	----
Health Services	323,541	363,265
Recreation and Cultural Services	757,999	756,442
Planning and Development	53,220	57,724
	<u>5,686,534</u>	<u>5,448,774</u>
Capital Operations		
General Government	26,332	45,124
Protection Services	9,516	16,433
Transportation Services	348,364	607,152
Environmental Services	----	----
Health Services	952	24,596
Recreation and Cultural Services	3,928,253	202,998
Planning and Development	669,514	310,650
	<u>4,982,931</u>	<u>1,206,953</u>
	<u>10,669,465</u>	<u>6,655,727</u>
NET REVENUE (EXPENDITURES) FOR THE YEAR BEFORE UNDERNOTED ITEM	(2,884,525)	(30,449)
Equity Acquired in Erie Thames Power Corporation (Note 11)	19,552	(18,499)
	<u>(2,864,973)</u>	<u>(48,948)</u>
CHANGES IN AMOUNTS TO BE RECOVERED IN FUTURE YEARS		
Deferred Revenue	(81,730)	----
Principal Repayment of Long Term Debt	(154,183)	(198,261)
	<u>(235,913)</u>	<u>(198,261)</u>
Change in Amounts to be Recovered in Future Years	(235,913)	(198,261)
CHANGE IN FUND BALANCES	(3,100,886)	(247,209)

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF NORWICH
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005	2004
	\$	\$
CASH FLOW (DEFICIT) FROM OPERATIONS		
Net Revenue (Deficit) for the Year	(2,864,973)	(48,948)
Changes in Non-Cash Amounts:		
Taxes Receivable	(296,484)	(136,332)
Accounts Receivable	(84,477)	(63,087)
Other Current Assets	(1,277)	2,729
Mortgages Receivable	500	500
Accounts Payable and Accrued Liabilities	82,203	(18,081)
Other Current Liabilities	44,804	9,198
Deferred Revenue	(60)	1,531
	(3,119,764)	(252,490)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Erie Thomas Power Corporation	(19,552)	18,499
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Debt Issued/Repaid (Net)	(154,183)	(198,261)
NET CASH FLOW FOR THE YEAR	(3,293,499)	(432,252)
CASH AND EQUIVALENTS - Beginning of the Year	1,061,802	1,494,054
CASH AND EQUIVALENTS - End of the Year	(2,231,697)	1,061,802
Cash and Equivalents are Comprised of:		
Cash and Bank	73,574	5,412
Short Term Investments	294,729	1,103,640
Bank Indebtedness	(2,600,000)	(47,250)
	(2,231,697)	1,061,802

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF NORWICH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Norwich are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities and their local boards by the Ministry of Municipal Affairs and Housing and by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

a) Basis of Consolidation

i) Consolidated Entities

These consolidated statements reflect the assets, liabilities, revenue and expenditures of the revenue fund, reserves, reserve funds, the capital fund and includes the activities of all committees of Council and the following local boards, which are under the control of Council:

Norwich Business Improvement Area
Medical Centre Board of Management

All interfund assets and liabilities and revenue and expenditures have been eliminated.

ii) Non-Consolidated Entities

The municipality's investment in Erie Thames Power Corporation is accounted for by the equity method of accounting whereby the original cost of the investment is increased by the municipality's share of earnings each year.

iii) Accounting for the County of Oxford and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Oxford are not reflected in these financial statements.

iv) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Balance Sheet and Statement of Continuity.

Continued....

TOWNSHIP OF NORWICH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

1. ACCOUNTING POLICIES - Continued

b) Basis of Accounting

i) Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes 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.

ii) Land, Buildings and Equipment

The historical cost and accumulated depreciation for land, buildings and equipment are not recorded for municipal purposes. Purchases of land, buildings and equipment are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.

iii) Fund Accounting

The Township of Norwich uses the restricted fund method of accounting for revenue. The revenue fund accounts for the current operations of the municipality. The capital fund accounts for expenditures and related financing that are expected to provide a benefit to the municipality which extends beyond the current year. Reserve funds are restricted for specific purposes.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF OXFORD

Further to Note 1 (a) (iii), the taxation, other revenues, expenditures and overlevies (underlevies) of the school boards and the County of Oxford are comprised of the following:

	School Boards \$	County \$
Taxation	2,974,884	4,006,015
Payments in Lieu of Taxes	236	22,986
	<hr/>	<hr/>
	2,975,120	4,029,001
	<hr/>	<hr/>
Requisitions	2,975,120	4,029,001

3. TRUST FUNDS

Trust funds administered by the municipality amounting to \$88,771 (2004 - \$82,231) have not been included in the Consolidated Balance Sheet nor have their operations been included in the Consolidated Statement of Operations.

Continued....

TOWNSHIP OF NORWICH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

4. SHORT TERM INVESTMENTS

The total short term investments of \$294,729 (2004 - \$1,103,640) recorded on the Consolidated Balance Sheet, at cost, have a market value of \$294,729 (2004 - \$1,103,640) as at the end of the year.

5. LIABILITY FOR VESTED SICK LEAVE BENEFITS

The Township of Norwich has entered into a Long Term Disability Plan whereby sick leave benefits no longer accrue. Previously accrued benefits have been paid to employees.

6. PENSION AGREEMENTS

a) The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) that is a multi-employer plan on behalf of 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 length of service and rate of pay.

b) The amount contributed to OMERS for 2005 was \$73,350 (2004 - \$67,044) for current service and is included as an expenditure on the Consolidated Statement of Operations.

c) There were no contributions made during the year or during the previous year with respect to past service.

7. BANK INDEBTEDNESS

Bank indebtedness consists of demand loans and/or overdrafts. As at December 31, 2005 bank indebtedness consists of a demand bank loan approved to a maximum of \$5,000,000 and bearing interest at a rate of 5% per annum.

8. DEFERRED REVENUE

	2005	2004
	\$	\$
Deferred Revenue is Comprised of:		
Funds Set Aside for Specific Purposes by Legislation, Regulation or Agreement:		
- Federal Gasoline Tax Revenue	102,157	----
- Development Charges	133,614	172,359
- Recreational Land (Planning Act)	40,086	21,768
Operating Activities	----	60
	275,857	194,187

Continued....

TOWNSHIP OF NORWICH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

9. NET LONG TERM LIABILITIES

	2005	2004
	\$	\$
a) The balance of net liabilities reported on the Consolidated Balance Sheet is comprised of the following:		
Total long term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	719,443	902,828
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	<u>(49,018)</u>	<u>(78,220)</u>
Net Long Term Liabilities at the End of the Year	<u>670,425</u>	<u>824,608</u>

b) Of the net long term liabilities reported in part a) of this note, principal payments are recoverable from general municipal revenues and are repayable as follows:

	\$
2006	151,725
2007	151,502
2008	151,502
2009	151,502
2010	<u>64,194</u>
	<u>670,425</u>

c) The municipality is contingently liable for long term liabilities with respect to tile drainage loans. The total amount outstanding as at December 31, 2005 is \$49,018 (2004 - \$78,220) and is not recorded on the Consolidated Balance Sheet.

d) The long term liabilities in (a), issued in the name of the municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have 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.

e) Total charges for the year for net long term liabilities which are reported on the Consolidated Statement of Operations are as follows:

	2005	2004
	\$	\$
Interest	<u>---</u>	<u>---</u>

The charges for long term liabilities assumed by the non-consolidated entities or by individuals in the case of tile drainage loans are not reflected in these statements.

Continued...

TOWNSHIP OF NORWICH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

10. MUNICIPAL POSITION

a) The operating fund balance of \$(14,935) (2004 - \$211,230) is comprised of accumulated equity from the following sources:

	2005	2004
	\$	\$
Revenue Fund	(24,901)	99,927
Norwich Business Improvement Area	5,791	2,677
Medical Centre Board of Management	4,175	108,626
	<u>(14,935)</u>	<u>211,230</u>

b) The capital fund deficit of \$(3,410,953) (2004 - \$(229,232)) is comprised of the following:

	2005	2004
	\$	\$
Capital Expenditures to be Recovered from Taxation and User Charges	(360)	(13,492)
Unexpended Capital Financing	411,217	140,330
Expenditures to be Recovered from Benefiting Land Owners	(704,060)	(356,070)
Proceeds from Long Term Liabilities	(2,800,000)	---
Transfers from Reserves	(317,750)	---
	<u>(3,410,953)</u>	<u>(229,232)</u>

c) The total balance of reserves and reserve funds of \$2,440,950 (2004 - \$2,153,502) is comprised of the following:

	2005	2004
	\$	\$
Reserves Set Aside for Specific Purpose by Council:		
Working Capital	202,300	202,300
Elections	13,000	6,000
Insurance	22,859	19,904
Tax Rate Stabilization	1,079,442	646,554
Future Capital Expenditures	1,075,617	1,241,535
Cemeteries	6,788	6,788
Libraries	1,000	1,000
Medical Centre	18,000	8,000
	<u>2,419,006</u>	<u>2,132,081</u>
Reserve Funds Set Aside for Specific Purpose by Council:		
Disaster Relief	21,944	21,421
	<u>2,440,950</u>	<u>2,153,502</u>

Continued....

TOWNSHIP OF NORWICH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

11. INVESTMENT IN ERIE THAMES POWER CORPORATION

The Ontario Government enacted the Energy Competition Act, 1993 to introduce competition to the Ontario electricity market. Under terms of this legislation, the Ontario Energy Board will regulate industry participants by issuing licenses for the right to generate, transmit, distribute and retail electricity. These licenses will require compliance with established market rules and codes.

Pursuant to this legislation, effective August 1, 2000, a by-law was passed to transfer all of the electricity related net assets of the Norwich Public Utility Commission to Erie Thames Power Corporation as one of the municipal participants in this newly incorporated business. The Township of Norwich holds a 9.5% equity position in this corporation as a result of this transfer of net assets. The Township's investment in Erie Thames Power Corporation will be increased in subsequent years by its share of the net income of Erie Thames Power Corporation.

During the year the Township's share of the net earnings (loss) of Erie Thames Power Corporation amounted to \$19,552 (2004 - \$(18,499)).

MILLARD, ROUSE AND ROSEBRUGH LLP
CHARTERED ACCOUNTANTS

85 ROBINSON STREET
SIMCOE, ONTARIO

AUDITORS' REPORT

**To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Norwich**

We have audited the Trust Funds Balance Sheets of the Corporation of the Township of Norwich as at December 31, 2005 and the Trust Funds Statements of Operations and Changes in Fund Balances for the year then ended. These financial statements are the responsibility of 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 Township of Norwich as at December 31, 2005 and the continuity of the Trust Funds for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

Millard, Rouse & Rosebrugh LLP

CHARTERED ACCOUNTANTS

**April 28, 2006
Simcoe, Ontario**

**TOWNSHIP OF NORWICH
TRUST FUNDS BALANCE SHEETS
AS AT DECEMBER 31, 2005**

ASSETS	Otterville Estates Security Deposits \$	Guarantee Deposits \$	Pioneer Cemetery Perpetual Care \$	Rosanna Cemetery Perpetual Care \$	Milldale Cemetery Perpetual Care \$	Old Quaker Cemetery Perpetual Care \$	OHRP Fund \$	Total 2005 \$	Total 2004 \$
Bank	----	2,049	26,960	11,356	13,068	1,127	----	54,560	52,741
Investments - Note 2	39,390	----	----	----	----	----	----	39,390	38,450
OHRP Loans Receivable	----	----	----	----	----	----	1,744	1,744	1,744
Due (to) from Revenue Fund	----	12,951	----	----	----	----	----	12,951	7,959
	39,390	15,000	26,960	11,356	13,068	1,127	1,744	108,645	100,894
LIABILITIES									
Due to Cemetery Boards	----	----	8,131	5,563	6,153	27	----	19,874	18,663
	39,390	15,000	18,829	5,793	6,915	1,100	1,744	88,771	82,231
FUND BALANCE	39,390	15,000	26,960	11,356	13,068	1,127	1,744	108,645	100,894

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF NORWICH
TRUST FUNDS STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Otterville Estates Security Deposits \$	Guarantee Deposits \$	Pioneer Cemetery Perpetual Care \$	Rosanna Cemetery Perpetual Care \$	Milldale Cemetery Perpetual Care \$	Old Quaker Cemetery Perpetual Care \$	OHRP Fund \$	Total 2005 \$	Total 2004 \$
RECEIPTS									
Interest	940	49	628	269	309	27	----	2,222	2,105
Perpetual Care	----	----	550	----	50	----	----	600	1,400
Deposits Received	----	5,000	----	----	----	----	----	5,000	----
	940	5,049	1,178	269	359	27	----	7,822	3,505
DISBURSEMENTS									
Transfer to Cemetery Board	----	----	628	269	309	27	----	1,233	1,241
Transfer to Township	----	49	----	----	----	----	----	49	41
	----	49	628	269	309	27	----	1,282	1,282
NET RECEIPTS (DISBURSEMENTS)									
FOR THE YEAR	940	5,000	550	----	50	----	----	6,540	2,223
FUND BALANCE									
- Beginning of the Year	38,450	10,000	18,279	5,793	6,865	1,100	1,744	82,231	80,008
FUND BALANCE									
- End of the Year	39,390	15,000	18,829	5,793	6,915	1,100	1,744	88,771	82,231

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF NORWICH
NOTES TO THE TRUST FUNDS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

1. ACCOUNTING POLICIES

Receipts are reported on the cash basis of accounting.

Disbursements are reported on the cash basis of accounting with the exception of administrative expenditures which are reported on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. INVESTMENTS

The total trust fund investments of \$39,390 (2004 - \$38,450) recorded at cost have a market value of \$39,390 (2004 - \$38,450).

NORWICH BUSINESS IMPROVEMENT AREA

**FINANCIAL STATEMENTS
DECEMBER 31, 2005**

MILLARD, ROUSE AND ROSEBRUGH LLP
CHARTERED ACCOUNTANTS

85 ROBINSON STREET
SIMCOE, ONTARIO

AUDITORS' REPORT

**To the Members of the
Norwich Business Improvement Area**

We have audited the Balance Sheet of the Norwich Business Improvement Area as at December 31, 2005 and the Statement of Operations 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 Norwich Business Improvement Area as at December 31, 2005 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

Millard, Rouse & Rosebrugh LLP

CHARTERED ACCOUNTANTS

**April 28, 2006
Simcoe, Ontario**

**TOWNSHIP OF NORWICH
NORWICH BUSINESS IMPROVEMENT AREA
BALANCE SHEET
AS AT DECEMBER 31, 2005**

	2005 \$	2004
FINANCIAL ASSETS		
Bank Balance	<u>5,791</u>	<u>2,677</u>
LIABILITIES		
Due to Township of Norwich	<u>----</u>	<u>----</u>
NET FINANCIAL ASSETS	<u>5,791</u>	<u>2,677</u>
	<u>5,791</u>	<u>2,677</u>

**NORWICH BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005 \$	2004 \$
REVENUE		
Tax Levy	5,400	5,400
Investment Income	1	----
Fees and Service Charges	<u>1,531</u>	<u>1,495</u>
	<u>6,932</u>	<u>6,895</u>
EXPENDITURES		
Beautification and Capital	1,145	2,943
Promotions and Advertising	2,443	2,795
Administration	<u>230</u>	<u>49</u>
	<u>3,818</u>	<u>5,787</u>
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	3,114	1,108
NET FINANCIAL ASSETS - Beginning of the Year	<u>2,677</u>	<u>1,569</u>
NET FINANCIAL ASSETS - End of the Year	<u>5,791</u>	<u>2,677</u>

The accompanying notes are an integral part of these financial statements

**NORWICH BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. ACCOUNTING POLICIES

The financial statements of the Norwich Business Improvement Area are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities and their local boards by the Ministry of Municipal Affairs and Housing and by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent on future events, the preparation of periodic statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

a) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue 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.

b) Land, Buildings and Equipment

The historical cost and accumulated depreciation for land, buildings and equipment are not recorded for municipal purposes. Purchases of land, buildings and equipment are reported as an expenditure on the Statement of Operations in the year of acquisition. For those capital assets financed or to be financed by the issue of long term liabilities, the principal and interest on the long term indebtedness are also reported on the Statement of Operations as they are paid.

MEDICAL CENTRE BOARD OF MANAGEMENT

**FINANCIAL STATEMENTS
DECEMBER 31, 2005**

MILLARD, ROUSE AND ROSEBRUGH LLP
CHARTERED ACCOUNTANTS

85 ROBINSON STREET
SIMCOE, ONTARIO

AUDITORS' REPORT

**To the Members of the
Medical Centre Board of Management**

We have audited the Balance Sheet of the Medical Centre Board of Management as at December 31, 2005 and the Statement of Operations 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 Medical Centre Board of Management as at December 31, 2005 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

Millard, Rouse & Rosebrugh LLP

CHARTERED ACCOUNTANTS

**April 28, 2006
Simcoe, Ontario**

**TOWNSHIP OF NORWICH
 MEDICAL CENTRE BOARD OF MANAGEMENT
 BALANCE SHEET
 AS AT DECEMBER 31, 2005**

	2005 \$	2004 \$
FINANCIAL ASSETS		
Cash and Bank	2,529	2,555
Short Term Investments	---	48,924
Accounts Receivable	26,674	63,269
Other Current Assets	1,058	1,072
Due from Township of Norwich	---	6,805
	<u>30,261</u>	<u>122,625</u>
LIABILITIES		
Due to Township of Norwich	7,857	---
Accounts Payable and Accrued Liabilities	229	5,999
	<u>8,086</u>	<u>5,999</u>
NET FINANCIAL ASSETS		
Operating Fund	4,175	108,626
Reserves	18,000	8,000
	<u>22,175</u>	<u>116,626</u>
	<u>30,261</u>	<u>122,625</u>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF NORWICH
MEDICAL CENTRE BOARD OF MANAGEMENT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005 \$	2004 \$
REVENUE		
Administrative Fees	115,553	325,202
Interest	1,065	1,158
Expense Recoveries and Sundry	---	2,495
Rent	43,534	37,951
Contributions from Township of Norwich	73,750	56,300
Donations and Fund Raising	1,025	11,869
	<u>234,927</u>	<u>434,975</u>
EXPENDITURES		
Salaries, Wages and Benefits	201,818	237,777
Insurance	3,189	3,202
Medical Support	1,153	1,153
Medical Supplies	6,739	14,508
Office Supplies	7,539	9,543
Cleaning Supplies	1,762	1,891
Repairs and Maintenance	9,147	14,847
Professional Promotion and Advertising	2,546	809
Telephone	5,592	4,881
Postage	503	725
Cleaning Service	20,500	20,941
Legal and Accounting	1,000	935
Travel and Entertainment	1,058	1,878
Conferences and Training	2,449	775
Dues and Subscriptions	123	413
Recruiting	11,908	2,391
Utilities	12,544	12,580
Security	2,173	328
Property Taxes	26,168	25,490
Office Equipment	791	---
Medical Equipment	237	3,802
Fund Raising	---	1,560
Sundry	439	---
	<u>319,378</u>	<u>360,429</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	(84,451)	74,546
NET FINANCIAL ASSETS - Beginning of the Year	108,626	74,012
	<u>24,175</u>	<u>148,558</u>
Transfer to Capital	10,000	31,932
Transfer to Reserves	10,000	8,000
	<u>20,000</u>	<u>39,932</u>
NET FINANCIAL ASSETS - End of the Year	4,175	108,626

The accompanying notes are an integral part of these financial statements

**MEDICAL CENTRE BOARD OF MANAGEMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. ACCOUNTING POLICIES

The financial statements of the Medical Centre Board of Management are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities and their local boards by the Ministry of Municipal Affairs and Housing and by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent on future events, the preparation of periodic statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

a) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue 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.

b) Land, Buildings and Equipment

The historical cost and accumulated depreciation for land, buildings and equipment are not recorded for municipal purposes. Purchases of land, buildings and equipment are reported as an expenditure on the Statement of Operations in the year of acquisition. For those capital assets financed or to be financed by the issue of long term liabilities, the principal and interest on the long term indebtedness are also reported on the Statement of Operations as they are paid.

2. CAPITAL OPERATIONS

Included in the consolidated financial statements of the Township of Norwich are the following capital transactions, which are administered by the Township on behalf of the Medical Centre.

	2005	2004
	\$	\$
CAPITAL FINANCING		
Transfers from Revenue Fund	10,000	31,932
Donations	---	---
	<u>10,000</u>	<u>31,932</u>
 CAPITAL EXPENDITURES		
Telephone System	---	9,247
Computer Equipment	---	8,145
Office Equipment	---	729
	<u>---</u>	<u>18,121</u>
 EXCESS OF FINANCING OVER EXPENDITURES FOR THE YEAR	 10,000	 13,811
FUND BALANCE - Beginning of the Year	(8,000)	(21,811)
	<u>2,000</u>	<u>(8,000)</u>
 FUND BALANCE - End of the Year		