

Consolidated financial statements of

**The Corporation of the
Township of Uxbridge**

December 31, 2007

The Corporation of the Township of Uxbridge

December 31, 2007

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Auditors' Report

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

We have audited the consolidated statement of financial position of the Corporation of the Township of Uxbridge as at December 31, 2007 and the consolidated statements of financial activities and fund balance and of 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 Corporation of the Township of Uxbridge as at December 31, 2007 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.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 18, 2008

The Corporation of the Township of Uxbridge

Consolidated statement of financial activities and fund balance
year ended December 31, 2007

	2007	2006	
	Budget (unaudited)	Actual	
	\$	\$	
	(Note 14)	Actual	
	\$	\$	
Revenues			
Taxation - all classes (Note 1(b)(iii))	33,715,896	34,324,252	31,862,732
Less amounts received for Region and School Boards (Note 2)	26,572,600	26,941,090	25,321,137
	7,143,296	7,383,162	6,541,595
User fees and charges	1,964,213	2,276,226	2,185,662
Grants			
Government of Canada	272,050	272,890	153,839
Province of Ontario	676,813	659,138	1,258,388
Other municipalities	94,113	202,206	221,849
Investment income	221,901	345,388	354,807
Penalties and interest on taxes	445,000	368,331	475,005
Developer and other contributions earned	654,700	1,010,372	1,798,372
Other	1,172,077	723,900	1,849,790
Total revenues	12,644,163	13,241,613	14,839,307
Expenditures (Note 13)			
Current			
General government	1,622,770	1,561,128	1,663,692
Protection to persons and property	1,973,170	2,059,681	1,943,635
Transportation services	2,667,163	3,180,268	2,743,409
Environmental services	22,216	9,145	20,153
Health services	8,500	10,029	1,008,307
Recreation and cultural services	3,397,346	3,179,824	2,871,202
Planning and development	485,240	303,376	356,315
	10,176,405	10,303,451	10,606,713
Capital			
General government	245,700	151,543	214,388
Protection to persons and property	425,500	152,561	664,729
Transportation services	1,721,147	1,823,416	4,189,235
Environmental services	44,000	47,992	266,023
Recreation and cultural services	664,000	378,836	798,945
	3,100,347	2,554,348	6,133,320
Total expenditures	13,276,752	12,857,799	16,740,033
Net (expenditure) revenue	(632,589)	383,814	(1,900,726)
Fund balance, beginning of year	3,302,156	3,723,942	5,624,668
Fund balance, end of year	2,669,567	4,107,756	3,723,942

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

The Corporation of the Township of Uxbridge

Consolidated statement of financial position

as at December 31, 2007

	2007	2006
	\$	\$
Assets		
Financial assets		
Cash and temporary investments (Note 3)	12,826,040	10,079,350
Taxes receivable (Note 4)	2,227,976	2,807,295
Accounts receivable	1,360,144	1,271,193
Mortgages and loan receivable (Note 5)	161,226	462,088
Inventory for resale	11,763	23,221
	16,587,149	14,643,147
Liabilities		
Accounts payable and accrued liabilities (Note 6)	2,625,876	3,744,235
Other current liabilities	843,036	965,885
Post employment benefit liability (Note 7)	424,898	338,634
Deferred revenue (Note 8)	8,699,002	5,983,870
	12,592,812	11,032,624
Net financial assets	3,994,337	3,610,523
Municipal position		
Fund balances		
Operating Fund (Note 9) - Schedule 1	895,157	648,628
Capital Fund (Note 9) - Schedule 2	12,298	128,433
Reserves and reserve funds (Note 9) - Schedule 3	3,200,301	2,946,881
	4,107,756	3,723,942
Amounts to be recovered (Note 10)	(113,419)	(113,419)
Municipal position	3,994,337	3,610,523

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

The Corporation of the Township of Uxbridge

Consolidated statement of changes in financial position
year ended December 31, 2007

	2007	2006
	\$	\$
Net inflow (outflow) of cash and temporary investments related to the following activities:		
Operating activities		
Net revenue (expenditures)	383,814	(1,900,726)
Uses		
Increase in accounts receivable	(88,951)	(240,288)
Increase in inventory for resale	-	(3,395)
Decrease in accounts payable and accrued liabilities	(1,118,359)	-
Decrease in other current liabilities	(122,849)	-
	(1,330,159)	(243,683)
Sources		
Decrease in taxes receivable	579,319	269,767
Decrease in mortgages and loan receivable - net	300,862	76,999
Decrease in inventory for resale	11,458	-
Increase in post employment benefit liability	86,264	50,976
Increase in accounts payable and accrued liabilities	-	2,027,823
Increase in deferred revenue	2,715,132	1,280,356
Increase in other current liabilities	-	204,615
	3,693,035	3,910,536
Net change in cash and temporary investments	2,746,690	1,766,127
Cash and temporary investments, beginning of year	10,079,350	8,313,223
Cash and temporary investments, end of year	12,826,040	10,079,350

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

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

1. Significant accounting policies

The Consolidated Financial Statements of the Corporation of The Township of Uxbridge (the "Township"), are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Significant accounting policies adopted by the Township are as follows:

a) i) Reporting entity

These consolidated financial statements (the "financial statements") reflect the assets, liabilities, revenues, expenditures of the operating fund, capital fund, reserve funds and reserves of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees which are controlled by the Township, including the following:

- Library Board
- Uxbridge Business Improvement Area
- Uxbridge Historical Centre
- Goodwood Community Park and Centre Association
- Leaskdale Community Park and Centre Association
- Sandford Community Hall Association
- Seniors Centre
- Siloam Community Centre Association
- Uxbridge Community Music Hall
- Zephyr Community Park and Hall Association

All inter-entity transactions and balances are eliminated on consolidation.

ii) Accounting for Region and School Board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of Durham are not reflected in the municipal fund balances of these financial statements.

iii) Trust funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the Trust Funds Statement of Financial Activities and Fund Balance and Statement of Financial Position.

b) Basis of accounting

i) Expenditures

Expenditures and their related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

ii) Tangible capital assets

The historical cost and accumulated depreciation of tangible capital assets is not reported for municipal purposes.

Tangible capital asset expenditures during the year are recorded as capital expenditures in the consolidated statement of financial activities and fund balance.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

1. Significant accounting policies (continued)

b) Basis of accounting (continued)

iii) Accounting for property tax phase-in and capping provisions resulting from the Ontario Fair Assessment System

The net decrease/increase in property taxes as a result of the application of capping provisions does not affect the Consolidated Statement of Financial Activities and Fund Balance as the full amount of the property taxes were levied. However, the capping adjustment is reported on the Consolidated Statement of Financial Position as an asset/liability, to be received from/paid to the Region of Durham.

iv) Deferred revenue

Deferred revenue represents 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. In addition, any contributions received with external restrictions are deferred until the related expenditures are made.

v) Post employment benefits

The present value of the cost of providing employees with future benefits programs is recognized as employees earn these entitlements through service.

vi) 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 recorded as an adjustment to the respective fund when approved.

vii) Government transfers

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

viii) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts in financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Operation of school boards and the Region of Durham

Further to Note 1(a)(ii), the taxation and other revenues of the school boards and the Region of Durham are comprised of the following:

	School boards	Region	Total
	\$	\$	\$
Taxation	8,713,730	17,934,025	26,647,755
Grants in lieu	70,762	222,573	293,335
	8,784,492	18,156,598	26,941,090

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

3. Cash and temporary investments

This represents a consolidation of cash and temporary investments from the operating fund and the reserve funds (including those funds set aside in respect of deferred revenue as detailed in Note 8). The composition is as follows:

	2007			2006		
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Operating Fund	1,126,893	3,419,726	4,546,619	567,480	3,852,248	4,419,728
Reserve Funds	116,805	8,162,616	8,279,421	105,057	5,554,565	5,659,622
Total	1,243,698	11,582,342	12,826,040	672,537	9,406,813	10,079,350

Investments, which are reported at cost have a market value of \$11,599,589 (2006 - \$9,385,778) at the end of the year.

4. Taxes receivable

	2007	2006
	\$	\$
Current year	1,565,045	1,943,288
Arrears previous years	812,931	1,039,007
	2,377,976	2,982,295
Less allowance	150,000	175,000
	2,227,976	2,807,295

The allowance of \$150,000 (2006 - \$175,000) has been established to cover the Township's share of potential adjustments resulting from assessment appeals.

5. Mortgages and loan receivable

	2007	2006
	\$	\$
Loan receivable with interest only payable at 4.9% in equal monthly payments of principal and interest of \$950, due November 29, 2011.	161,226	164,717
Mortgage receivable with interest at 5% until April 1, 2007 (5.5% thereafter), repayable in equal monthly payments of principal and interest of \$1,802 (\$1,884 effective April 1, 2007) paid in full in 2007.	-	297,371
	161,226	462,088

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events occurring on or before the end of the accounting period. They are the result of contracts, agreements and legislation in force at the end of the accounting period that require the Township of Uxbridge to pay for goods and services acquired or provided on or before to the accounting date. A breakdown of accounts payable and accrued liabilities is provided below:

	2007	2006
	\$	\$
Trade accounts payable	1,245,069	1,204,930
Payables to other governments	841,003	1,979,384
Payroll liabilities	472,638	492,804
Accrued liabilities	67,166	67,117
	2,625,876	3,744,235

7. Post employment benefit liability

The Township makes available to qualifying employees who retire before the age of 65, the opportunity to continue their coverage for such benefits as extended health and drugs and dental care. Coverage ceases at the age of 65.

The management of the Township has, using the best information available to it, estimated the liability of the current obligation for past and current employees. The value of this benefit liability is estimated at \$424,898 (2006 - \$338,634) and is reported on the Consolidated Statement of Financial Position.

Information about the Township's post employment benefits plan is as follows:

	2007	2006
	\$	\$
Accrued benefits liability as at January 1	338,634	287,658
Increase for the current period	86,264	50,976
Accrued benefits liability as at December 31	424,898	338,634

The main assumptions employed for the valuations are as follows:

a) *General inflation*

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed to be 3.0% in 2008 and thereafter.

b) *Interest (discount) rate*

The present value as at December 31, 2007 of the post employment benefits was determined using a discount rate of 4.5%. This corresponds to the assumed CPI rate plus an assumed rate of return of 1.5%.

c) *Health and dental rate*

Health and dental costs were assumed to increase at a 6.5% rate for 2008; 9.5% for 2009 and decrease thereafter at the rate of 0.5% annually to an ultimate rate of 4.5%.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

8. Deferred revenue

					2007	2006
	Development charges	Parkland	Gas tax	Planning act surplus	Total	Total
	\$	\$	\$	\$	\$	\$
Obligatory reserve funds						
Balance, beginning of year	4,527,117	685,594	163,957	178,059	5,554,727	4,288,870
Subdividers' contributions	2,575,585	517,774	-	-	3,093,359	2,677,559
Gas tax monies	-	-	225,869	-	225,869	169,420
Building	-	-	-	111,968	111,968	178,059
Operations interest earned	253,012	40,919	5,733	-	299,664	166,877
	7,355,714	1,244,287	395,559	290,027	9,285,587	7,480,785
Other transfers	-	-	(4,378)	-	(4,378)	-
Earned revenue transferred to operations	(719,073)	(244,152)	(272,010)	-	(1,235,235)	(1,926,058)
Balance, end of year	6,636,641	1,000,135	119,171	290,027	8,045,974	5,554,727
Other					653,028	429,143
Total					8,699,002	5,983,870

9. Municipal fund balances at the end of the year

a) Operating fund balance

	2007	2006
	\$	\$
Reduction in general area taxation		
Township	843,423	566,235
Library	23,173	50,364
Business Improvement Area	28,561	32,029
	895,157	648,628

b) Capital fund balance

	2007	2006
	\$	\$
Funds available for the acquisition of tangible capital assets	12,298	128,433

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

9. Municipal fund balances at the end of the year (continued)

c) Reserves and reserve funds

	2007	2006
	\$	\$
Reserves set aside for specific purposes by Council for:		
Equipment	75,257	75,257
Tax stabilization	260,231	260,231
Working capital	971,941	971,941
Insurance	50,000	24,281
Museum administration centre	5,689	5,689
Future capital projects	1,030,862	1,030,862
Fire equipment	250,000	90,000
Election	15,000	-
Music Hall	9,356	3,690
Major maintenance	121,932	121,932
Ditching	44,240	23,240
Street lights	19,939	19,939
Sidewalks	14,400	-
Elevator	25,000	25,000
Arena	1,080	240
Preserve	149,047	150,000
Municipal facilities and projects	31,298	31,298
Foster Memorial	8,386	8,386
Sub-total reserves	3,083,658	2,841,986
Reserve funds set aside for specific purposes by Council for:		
Reserve funds		
Phosphorous removal	71,177	59,429
Library	45,419	45,419
Parking	47	47
Sub-total reserve funds	116,643	104,895
Total reserves and reserve funds	3,200,301	2,946,881

10. Amounts to be recovered from future years' revenue

	2007	2006
	\$	\$
Post employment benefit liability	424,898	338,634
Less amount funded through operations	311,479	225,215
Employee future benefits	113,419	113,419

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

11. Trust funds

Trust funds administered by the municipality amounting to \$24,908 (2006 - \$25,137) are not included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Fund Balance.

12. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 69 members of its staff and council. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay.

Contributions to OMERS in 2007 amounted to \$446,617 (2006 - \$428,266).

13. Classification of expenditures by object

The Consolidated Statement of Financial Activities presents the expenditures by function; the following classifies those same expenditures by object:

	2007	2006
	\$	\$
Salaries, wages and employee benefits	5,577,230	5,234,380
Operating materials and supplies	3,050,812	2,504,804
Contract services	1,482,081	1,646,923
Rents and financial expenses	146,649	12,283
External transfers to others	46,679	1,208,323
Tangible capital assets	2,554,348	6,133,320
	12,857,799	16,740,033

14. Budget figures

The approved operating and capital budgets for 2007 are reflected on the Consolidated Schedule of Operating Fund Financial Activities and Fund Balance, Consolidated Schedule of Capital Fund Financial Activities and Fund Balance and the Consolidated Statement of Financial Activities and Fund Balance. The budgets established for the capital fund operations are on a project-oriented basis, the cost of which may be carried out over one or more years and therefore, may not be comparable with the current year actual amounts. As well, the municipality does not budget for activity within reserve funds, with the exception being those transactions which affect either the operating or capital funds. Budget figures have been reclassified for the purposes of these statements to comply with PSAB reporting principles.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2007

15. Contingent liabilities

a) Legal actions

The Township has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2007 and accordingly, no provision has been made in these financial statements for any liability which may result. Any loss arising from these legal actions will be recorded in the year the related litigation is settled.

b) Guarantees

In the normal course of business, the Township enters into agreements that meet the definition of a guarantee.

- i) The Township, on occasion, has provided indemnities under lease agreements for the use of certain facilities. Under the terms of these agreements the Township agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- ii) The Township has purchased errors and omissions insurance to mitigate the costs of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Township. The maximum amount of any potential future payment cannot be reasonably estimated.
- iii) In the normal course of business, the Township, on occasion, has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Township to compensate for losses incurred by the counterparties as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Township from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Township has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the statement of financial position with respect to these agreements.

16. Tangible capital assets

For fiscal years commencing after January 1, 2009, the Township will be required to report tangible capital assets in its consolidated financial statements in accordance with The Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants section PS3150 – Tangible Capital Assets. The Township is currently working toward obtaining the necessary information in order to comply with PS3150. For 2007, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available. The Township is currently working on a plan to implement PS3150 but as at December 31, 2007 the Township does not have detailed tangible capital asset information to disclose. For the year ended December 31, 2007 tangible capital expenditures incurred during the year are recorded as capital expenditures in the consolidated statement of financial activities and fund balance.

The Corporation of the Township of Uxbridge

Consolidated schedule of operating fund financial activities and
fund balance
year ended December 31, 2007

Schedule 1

	2007	2006	
	Budget		
	(unaudited)	Actual	
	\$	\$	
	(Note 14)		
Revenue			
Taxation - all classes	33,715,896	34,324,252	31,862,732
Less amounts received for Region and School Boards	26,572,600	26,941,090	25,321,137
Net taxation for municipal purposes	7,143,296	7,383,162	6,541,595
User fees and charges	1,964,213	2,276,226	2,185,662
Grants:			
Government of Canada	2,050	3,680	6,787
Province of Ontario	601,813	649,158	613,384
Other Municipalities	94,113	202,206	221,849
Investment income	220,090	343,595	352,996
Penalties and interest	445,000	368,331	475,005
Developer contributions earned	145,900	140,900	32,900
Other revenue	414,077	252,375	152,834
Provincial Offences Act	17,000	28,311	34,214
Total revenue	11,047,552	11,647,944	10,617,226
Expenditures			
General government	1,622,770	1,561,128	1,663,692
Protection to persons and property	1,973,170	2,059,681	1,943,635
Transportation services	2,667,163	3,180,268	2,743,409
Environmental services	22,216	9,145	20,153
Health services	8,500	10,029	1,008,307
Recreation and cultural services	3,397,346	3,179,824	2,871,202
Planning and development	485,240	303,376	356,315
Total expenditures	10,176,405	10,303,451	10,606,713
Net revenue	871,147	1,344,493	10,513
Financing and transfers			
Transfers (to) from reserves and reserve funds	118,211	(205,433)	1,500,693
Transfer (to) from capital fund	(1,216,200)	(892,531)	(1,094,615)
	(1,097,989)	(1,097,964)	406,078
Change in operating fund balance	(226,842)	246,529	416,591
Operating fund, beginning of year	226,842	648,628	232,037
Operating fund, end of year	-	895,157	648,628

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

The Corporation of the Township of Uxbridge

Consolidated schedule of capital fund financial activities
and fund balance
year ended December 31, 2007

Schedule 2

	2007	2006	
	Budget		
	(unaudited)	Actual	
	\$	\$	
	(Note 14)	\$	
Revenue			
Government of Canada	270,000	269,210	147,052
Province of Ontario	75,000	9,980	645,004
Developer and other contributions earned	508,800	822,325	1,559,087
Sale of tangible capital assets	500,000	186,677	820,642
Other revenue and recoveries	241,000	256,537	842,100
Total revenue	1,594,800	1,544,729	4,013,885
Expenditures			
General government	245,700	151,543	214,388
Protection to persons and property	425,500	152,561	664,729
Transportation services	1,721,147	1,823,416	4,189,235
Environmental services	44,000	47,992	266,023
Recreation and cultural services	664,000	378,836	798,945
Total expenditures	3,100,347	2,554,348	6,133,320
Net expenditures	1,505,547	1,009,619	2,119,435
Financing and transfers			
Transfer from operating fund	1,216,200	892,531	1,094,615
Transfer from (to) reserves and reserve funds	(170,000)	953	(500,501)
	1,046,200	893,484	594,114
Change in capital fund balance	(459,347)	(116,135)	(1,525,321)
Capital fund, beginning of year	128,433	128,433	1,653,754
Capital fund, end of year	(330,914)	12,298	128,433

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

The Corporation of the Township of Uxbridge

Consolidated schedule of reserves and reserve funds financial activities and fund balance year ended December 31, 2007

Schedule 3

	2007	2006
	Budget (unaudited)	Actual
	\$	\$
	(Note 14)	Actual
Revenue		
Developer and other contributions	-	47,147
Investment income	1,811	1,811
	1,811	208,196
Net transfers (to) from other funds		
Capital fund	170,000	(953)
Operating fund	(118,211)	205,433
	51,789	(1,000,192)
Change in reserves and reserve fund balances	53,600	253,420
Reserves and reserve fund, beginning of year	2,946,881	2,946,881
Reserves and reserve fund, end of year	3,000,481	3,200,301

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