

**MACKILLICAN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

252 Raglan Street S.  
Renfrew, Ontario

AUDITORS' REPORT

To the Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Township of Horton.

We have audited the consolidated balance sheet of the Corporation of the Township of Horton as at 31 December 2005, and the consolidated statements of operations and cash flows and the schedules of current fund operations, reserves and capital fund operations 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 Horton as at 31 December 2005, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

*Mack Killican & Associates*

RENFREW, Ontario.

28 February 2006.

Chartered Accountants.

Township of Horton

Financial Report

For the year ended 31 December 2005

Township of Horton

Consolidated Balance Sheet

As at 31 December 2005  
(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current:		
Cash	\$ 425,902	\$ 166,020
Taxes receivable	366,275	414,310
Accounts receivable	<u>93,856</u>	<u>84,849</u>
	<u>\$ 886,033</u>	<u>\$ 665,179</u>
 <u>LIABILITIES AND MUNICIPAL POSITION</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 130,689	\$ 76,644
Deferred revenue (Note 5)	54,875	41,479
Net long term liabilities (Note 3)		11,000
Solid waste landfill closure costs (Note 7)	<u>120,000</u>	<u>120,000</u>
	<u>\$ 305,564</u>	<u>\$ 249,123</u>
Municipal position:		
Fund balances:		
Current fund	\$ (3,366)	\$ (10,883)
Reserves	<u>703,835</u>	<u>557,939</u>
Fund balances	<u>\$ 700,469</u>	<u>\$ 547,056</u>
Amounts to be recovered (Note 1(b) (iv)):		
Net long term liabilities		\$ (11,000)
Solid waste landfill closure costs	<u>\$ (120,000)</u>	<u>(120,000)</u>
	<u>\$ (120,000)</u>	<u>\$ (131,000)</u>
Municipal position	<u>\$ 580,469</u>	<u>\$ 416,056</u>
	<u>\$ 886,033</u>	<u>\$ 665,179</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Township of Horton

Consolidated Statement of Operations

For the year ended 31 December 2005  
(with 2005 budget and 2004 actual figures for comparison)

	Budget 2005	Actual 2005	Actual 2004
<b>Revenue:</b>			
Net municipal taxation	\$ 952,633	\$ 954,801	\$ 905,780
Transfer payments:			
Ontario	548,176	584,109	407,580
Canada	22,500	25,027	1,146
Other	<u>133,917</u>	<u>271,639</u>	<u>173,206</u>
	<u>\$ 1,657,226</u>	<u>\$ 1,835,576</u>	<u>\$ 1,487,712</u>
<b>Expenditure:</b>			
<b>Current:</b>			
General government	\$ 333,366	\$ 349,944	\$ 319,470
Protection to persons and property	327,331	323,211	299,890
Transportation services	463,240	558,167	430,550
Environmental services	176,800	195,208	188,604
Social and health services	9,700	8,847	4,345
Recreation and cultural services	41,000	47,365	52,811
Planning and development	<u>4,200</u>	<u>16,728</u>	<u>10,857</u>
Total current expenditure	<u>\$ 1,355,637</u>	<u>\$ 1,499,470</u>	<u>\$ 1,306,527</u>
<b>Capital:</b>			
General government		\$ 40,178	\$ 7,596
Protection to persons and property	\$ 16,000	38,384	6,681
Transportation services	23,000	24,380	
Environmental services	4,000	13,186	
Recreation and cultural services	<u>15,000</u>	<u>55,565</u>	<u>132,712</u>
Total capital expenditure	<u>\$ 58,000</u>	<u>\$ 171,693</u>	<u>\$ 146,989</u>
Total expenditure	<u>\$ 1,413,637</u>	<u>\$ 1,671,163</u>	<u>\$ 1,453,516</u>
Net surplus for the year	<u>\$ 243,589</u>	<u>\$ 164,413</u>	<u>\$ 34,196</u>
Financing and transfers:			
Long term debt repaid	<u>\$ (11,000)</u>	<u>\$ (11,000)</u>	<u>\$ (11,000)</u>
Change in fund balances during the year	<u>\$ 232,589</u>	<u>\$ 153,413</u>	<u>\$ 23,196</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Township of Horton

Schedule of Current Fund Operations

For the year ended 31 December 2005  
(with 2005 budget and 2004 actual figures for comparison)

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
<b>Revenue:</b>			
Net municipal taxation	\$ 952,633	\$ 954,801	\$ 905,780
Transfer payments:			
Ontario	548,176	552,472	365,793
Canada	22,500	25,027	1,146
Other	<u>133,917</u>	<u>271,639</u>	<u>163,765</u>
	<u>\$ 1,657,226</u>	<u>\$ 1,803,939</u>	<u>\$ 1,436,484</u>
<b>Expenditure:</b>			
General government	\$ 333,366	\$ 349,944	\$ 319,470
Protection to persons and property	327,331	323,211	299,890
Transportation services	463,240	558,167	430,550
Environmental services	176,800	195,208	188,604
Social and health services	9,700	8,847	4,345
Recreation and cultural services	41,000	47,365	52,811
Planning and development	<u>4,200</u>	<u>16,728</u>	<u>10,857</u>
	<u>\$ 1,355,637</u>	<u>\$ 1,499,470</u>	<u>\$ 1,306,527</u>
Net surplus for the year	<u>\$ 301,589</u>	<u>\$ 304,469</u>	<u>\$ 129,957</u>
<b>Financing and transfers:</b>			
Repayment of long term debt	\$ (11,000)	\$ (11,000)	\$ (11,000)
Transfer to capital	(58,000)	(85,854)	(12,760)
Transfer to reserves	<u>(221,706)</u>	<u>(200,098)</u>	<u>(170,046)</u>
Net financing and transfers	<u>\$ (290,706)</u>	<u>\$ (296,952)</u>	<u>\$ (193,806)</u>
Change in current fund balance during the year	\$ 10,883	\$ 7,517	\$ (63,849)
Current fund balance at the beginning of the year	<u>(10,883)</u>	<u>(10,883)</u>	<u>52,966</u>
Current fund balance at the end of the year	<u>\$ -</u>	<u>\$ (3,366)</u>	<u>\$ (10,883)</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Township of Horton

Schedule of Reserves

For the year ended 31 December 2005  
(with 2005 budget and 2004 actual figures for comparison)

	Budget 2005	Actual 2005	Actual 2004
Net transfers from (to) other funds:			
Transfer from current fund	\$ 221,706	\$ 200,098	\$ 170,046
Transfer to capital fund		<u>(54,202)</u>	<u>(39,652)</u>
Change in reserves during the year	\$ 221,706	\$ 145,896	\$ 130,394
Reserves at the beginning of the year	<u>557,939</u>	<u>557,939</u>	<u>427,545</u>
Reserves at the end of the year	<u>\$ 779,645</u>	<u>\$ 703,835</u>	<u>\$ 557,939</u>
Analyzed as follows:			
Reserves set aside for specific purposes:			
Working funds	\$ 367,042	\$ 418,134	\$ 304,676
Fire equipment replacement	50,000	34,000	18,788
Landfill site	47,500	97,500	25,000
Transportation	20,334	34,799	
Future equipment	283,769	108,402	203,975
Election expenses	<u>11,000</u>	<u>11,000</u>	<u>5,500</u>
Total reserves	<u>\$ 779,645</u>	<u>\$ 703,835</u>	<u>\$ 557,939</u>

(See accompanying notes)

Township of Horton

Schedule of Capital Fund Operations

For the year ended 31 December 2005  
(with 2005 budget and 2004 actual figures for comparison)

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
<b>Revenue:</b>			
Grant - Ontario	\$ -	\$ 31,637	\$ 41,787
Donations			9,441
	<u>\$ -</u>	<u>\$ 31,637</u>	<u>\$ 51,228</u>
<b>Expenditure:</b>			
General government		\$ 40,178	\$ 7,596
Protection to persons and property	\$ 16,000	38,384	6,681
Transportation services	23,000	24,380	
Environmental services	4,000	13,186	
Recreation and cultural services	<u>15,000</u>	<u>55,565</u>	<u>132,712</u>
Total expenditure	<u>\$ 58,000</u>	<u>\$ 171,693</u>	<u>\$ 146,989</u>
Net deficit for the year	<u>\$ (58,000)</u>	<u>\$ (140,056)</u>	<u>\$ (95,761)</u>
<b>Financing and transfers:</b>			
Transfer from current fund	\$ 58,000	\$ 85,854	\$ 12,760
Transfer from reserves		<u>54,202</u>	<u>39,652</u>
Net financing and transfers	<u>\$ 58,000</u>	<u>\$ 140,056</u>	<u>\$ 52,412</u>
Change in capital fund balance during the year	\$ -	\$ -	\$ (43,349)
Capital fund balance at the beginning of the year			<u>43,349</u>
Capital fund balance at the end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying notes)

Township of Horton

Consolidated Statement of Cash Flows

For the year ended 31 December 2005  
(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net surplus for the year	\$ <u>164,413</u>	\$ <u>34,196</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ 48,035	\$ (100,878)
- decrease (increase) in accounts receivable	(9,007)	179,262
- Increase (decrease) in accounts payable and accrued liabilities	54,045	(77,619)
- Increase (decrease) in deferred revenue	<u>13,396</u>	<u>(7,469)</u>
	\$ <u>106,469</u>	\$ <u>(6,704)</u>
Cash flows from operating activities	\$ <u>270,882</u>	\$ <u>27,492</u>
Cash flows from financing activities:		
Repayment of long term debt	\$ <u>(11,000)</u>	\$ <u>(11,000)</u>
Cash flows used for financing activities	\$ <u>(11,000)</u>	\$ <u>(11,000)</u>
Net increase in cash during the year	\$ 259,882	\$ 16,492
Cash at the beginning of the year	<u>166,020</u>	<u>149,528</u>
Cash at the end of the year	<u>\$ 425,902</u>	<u>\$ 166,020</u>

(See accompanying notes)



Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2005

I. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Horton are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. 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) (i) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

(ii) Non-Consolidated Entities

There are no non-consolidated entities.

(iii) Accounting for County and School Board Transactions

The taxation, other revenues and requisitions with respect to the operations of the school boards and the County of Renfrew are not reflected in the municipal fund balances of these financial statements.

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

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of interest charges on long term liabilities which are charged against operations in the periods in which they are paid. The interest charges are not accrued for the periods from the dates of the latest installment payments to the end of the financial year.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Operations" in the year of acquisition.

(iv) Amounts to be Recovered

The "Amounts to be recovered", as reported on the Consolidated Balance Sheet, represents the outstanding principal portion of long term liabilities for municipal expenditures and the estimated landfill closure costs.

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2005

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

Further to Note 1(a) (iii), the taxation, other revenues and requisitions for the school boards and the County of Renfrew are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation and user charges	\$ 900,623	\$ 899,440
Share of payments in lieu of taxes	<u>                    </u>	<u>930</u>
Amounts requisitioned	<u>\$ 900,623</u>	<u>\$ 900,370</u>

3. NET LONG TERM LIABILITIES

2005

2004

(a) The balance of net long term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:

Total long term liabilities incurred by the Municipality and outstanding at the end of the year amount to

\$ 47,431	\$ 14,268
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Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is

<u>(47,431)</u>	<u>(3,268)</u>
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Net long term liabilities

<u>\$ -</u>	<u>\$ 11,000</u>
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4. CONTINGENT LIABILITIES

The Municipality is contingently liable for long term liabilities with respect to tile drainage loans. The total amount outstanding as at 31 December 2005 is \$ 47,431 (2004 - \$ 3,268) and is not recorded on the "Consolidated Balance Sheet".

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2005

5. DEFERRED REVENUE

The balance of deferred revenue on the "Consolidated Balance Sheet" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2005</u>	<u>2004</u>
Lot development fees	\$ <u>54,875</u>	\$ <u>41,479</u>

6. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$ 3,500 (2004 - \$ 4,630) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

7. SOLID WASTE LANDFILL CLOSURE COSTS

The landfill closure and post closure costs of \$ 120,000 as shown on the consolidated balance sheet are the Township's estimate of the future costs of closing and monitoring the Township's landfill site.