

Township of Horton

Financial Report

For the year ended 31 December 2006

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 2006, 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 2006, 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.

MacKillican & Associates

RENFREW, Ontario.

28 May 2007.

Chartered Accountants.

Township of Horton

Consolidated Balance Sheet

As at 31 December 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current:		
Cash	\$ 409,387	\$ 425,902
Taxes receivable	313,297	366,275
Accounts receivable	<u>124,126</u>	<u>93,856</u>
	<u>\$ 846,810</u>	<u>\$ 886,033</u>
 <u>LIABILITIES AND MUNICIPAL POSITION</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 206,343	\$ 130,689
Deferred revenue (Note 5)	90,627	54,875
Solid waste landfill closure costs (Note 7)	<u>120,000</u>	<u>120,000</u>
	<u>\$ 416,970</u>	<u>\$ 305,564</u>
Municipal position:		
Fund balances:		
Current fund	\$ (1,243)	\$ (3,366)
Reserves	<u>551,083</u>	<u>703,835</u>
Fund balances	\$ 549,840	\$ 700,469
Amounts to be recovered: (Note 1(b) (iv))		
Solid waste landfill closure costs	<u>(120,000)</u>	<u>(120,000)</u>
Municipal position	<u>\$ 429,840</u>	<u>\$ 580,469</u>
	<u>\$ 846,810</u>	<u>\$ 886,033</u>

(See accompanying notes)

Township of Horton

Consolidated Statement of Operations

For the year ended 31 December 2006
(with 2006 budget and 2005 actual figures for comparison)

	Budget <u>2006</u>	Actual <u>2006</u>	Actual <u>2005</u>
Revenue:			
Net municipal taxation	\$ 1,050,810	\$ 1,052,971	\$ 954,801
Transfer payments:			
Ontario	403,914	414,389	584,109
Canada		1,242	
Other	<u>205,742</u>	<u>220,881</u>	<u>296,666</u>
	<u>\$ 1,660,466</u>	<u>\$ 1,689,483</u>	<u>\$ 1,835,576</u>
Expenditure:			
Current:			
General government	\$ 358,947	\$ 395,883	\$ 349,944
Protection to persons and property	365,861	329,699	323,211
Transportation services	647,519	564,994	558,167
Environmental services	215,300	225,520	195,208
Social and health services	9,900	9,010	8,847
Recreation and cultural services	59,500	64,723	47,365
Planning and development	<u>6,950</u>	<u>11,509</u>	<u>16,728</u>
Total current expenditure	<u>\$ 1,663,977</u>	<u>\$ 1,601,338</u>	<u>\$ 1,499,470</u>
Capital:			
General government			\$ 40,178
Protection to persons and property		\$ 4,775	38,384
Transportation services	\$ 190,000	218,680	24,380
Environmental services			13,186
Recreation and cultural services		<u>15,319</u>	<u>55,565</u>
Total capital expenditure	<u>\$ 190,000</u>	<u>\$ 238,774</u>	<u>\$ 171,693</u>
Total expenditure	<u>\$ 1,853,977</u>	<u>\$ 1,840,112</u>	<u>\$ 1,671,163</u>
Net surplus (deficit) for the year	<u>\$ (193,511)</u>	<u>\$ (150,629)</u>	<u>\$ 164,413</u>
Financing and transfers:			
Long term debt repaid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,000)</u>
Change in fund balances during the year	<u><u>\$ (193,511)</u></u>	<u><u>\$ (150,629)</u></u>	<u><u>\$ 153,413</u></u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Schedule of Current Fund Operations

For the year ended 31 December 2006
(with 2006 budget and 2005 actual figures for comparison)

	<u>Budget</u> <u>2006</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2005</u>
Revenue:			
Net municipal taxation	\$ 1,050,810	\$ 1,052,971	\$ 954,801
Transfer payments:			
Ontario	403,914	414,389	552,472
Canada		1,242	
Other	<u>205,742</u>	<u>219,137</u>	<u>296,666</u>
	<u>\$ 1,660,466</u>	<u>\$ 1,687,739</u>	<u>\$ 1,803,939</u>
Expenditure:			
General government	\$ 358,947	\$ 395,883	\$ 349,944
Protection to persons and property	365,861	329,699	323,211
Transportation services	647,519	564,994	558,167
Environmental services	215,300	225,520	195,208
Social and health services	9,900	9,010	8,847
Recreation and cultural services	59,500	64,723	47,365
Planning and development	<u>6,950</u>	<u>11,509</u>	<u>16,728</u>
	<u>\$ 1,663,977</u>	<u>\$ 1,601,338</u>	<u>\$ 1,499,470</u>
Net surplus (deficit) for the year	<u>\$ (3,511)</u>	<u>\$ 86,401</u>	<u>\$ 304,469</u>
Financing and transfers:			
Repayment of long term debt			\$ (11,000)
Transfer to capital	\$ (190,000)	\$ (237,030)	(85,854)
Transfer from (to) reserves	<u>196,877</u>	<u>152,752</u>	<u>(200,098)</u>
Net financing and transfers	<u>\$ 6,877</u>	<u>\$ (84,278)</u>	<u>\$ (296,952)</u>
Change in current fund balance during the year	\$ 3,366	\$ 2,123	\$ 7,517
Current fund balance at the beginning of the year	<u>(3,366)</u>	<u>(3,366)</u>	<u>(10,883)</u>
Current fund balance at the end of the year	<u>\$ -</u>	<u>\$ (1,243)</u>	<u>\$ (3,366)</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Schedule of Reserves

For the year ended 31 December 2006
(with 2006 budget and 2005 actual figures for comparison)

	<u>Budget</u> <u>2006</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2005</u>
Net transfers from (to) other funds:			
Transfer from (to) current fund	\$ (196,877)	\$ (152,752)	\$ 200,098
Transfer to capital fund			(54,202)
Change in reserves during the year	\$ (196,877)	\$ (152,752)	\$ 145,896
Reserves at the beginning of the year	<u>703,835</u>	<u>703,835</u>	<u>557,939</u>
Reserves at the end of the year	<u>\$ 506,958</u>	<u>\$ 551,083</u>	<u>\$ 703,835</u>
Analyzed as follows:			
Reserves set aside for specific purposes:			
Working funds	\$ 247,958	\$ 272,869	\$ 418,134
Fire equipment replacement	54,000	34,000	34,000
Landfill site	100,000	100,000	97,500
Transportation		78,250	34,799
Future equipment	100,000	31,000	108,402
Recreation	5,000	34,964	
Election expenses			<u>11,000</u>
Total reserves	<u>\$ 506,958</u>	<u>\$ 551,083</u>	<u>\$ 703,835</u>

(See accompanying notes)

Township of Horton

Schedule of Capital Fund Operations

For the year ended 31 December 2006
(with 2006 budget and 2005 actual figures for comparison)

	Budget <u>2006</u>	Actual <u>2006</u>	Actual <u>2005</u>
Revenue:			
Grant - Ontario	\$ -		\$ 31,637
Donations		\$ 1,744	
	<u>\$ -</u>	<u>\$ 1,744</u>	<u>\$ 31,637</u>
Expenditure:			
General government			\$ 40,178
Protection to persons and property		\$ 4,775	38,384
Transportation services	\$ 190,000	218,680	24,380
Environmental services			13,186
Recreation and cultural services		15,319	55,565
	<u>\$ 190,000</u>	<u>\$ 238,774</u>	<u>\$ 171,693</u>
Net deficit for the year	<u>\$ (190,000)</u>	<u>\$ (237,030)</u>	<u>\$ (140,056)</u>
Financing and transfers:			
Transfer from current fund	\$ 190,000	\$ 237,030	\$ 85,854
Transfer from reserves			54,202
	<u>\$ 190,000</u>	<u>\$ 237,030</u>	<u>\$ 140,056</u>
Change in capital fund balance during the year	\$ -	\$ -	\$ -
Capital fund balance at the beginning of the year	<u> </u>	<u> </u>	<u> </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 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Net surplus (deficit) for the year	\$ <u>(150,629)</u>	\$ <u>164,413</u>
Net change in non cash working capital balances related to operations:		
- decrease in taxes receivable	\$ 52,978	\$ 48,035
- increase in accounts receivable	(30,270)	(9,007)
- increase in accounts payable and accrued liabilities	75,654	54,045
- increase in deferred revenue	<u>35,752</u>	<u>13,396</u>
	\$ <u>134,114</u>	\$ <u>106,469</u>
Cash flows from (used for) operating activities	\$ <u>(16,515)</u>	\$ <u>270,882</u>
Cash flows from financing activities:		
Repayment of long term debt	\$ <u>-</u>	\$ <u>(11,000)</u>
Cash flows used for financing activities	\$ <u>-</u>	\$ <u>(11,000)</u>
Net increase (decrease) in cash during the year	\$ (16,515)	\$ 259,882
Cash at the beginning of the year	<u>425,902</u>	<u>166,020</u>
Cash at the end of the year	<u>\$ 409,387</u>	<u>\$ 425,902</u>

(See accompanying notes)

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2006

1. 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.

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2006

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	\$ 950,905	\$ 982,585
Share of payments in lieu of taxes		698
	<u>950,905</u>	<u>983,283</u>
Amounts requisitioned	<u>\$ 950,905</u>	<u>\$ 983,283</u>

3. NET LONG TERM LIABILITIES

2006

2005

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

\$ 43,725	\$ 47,431
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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>(43,725)</u>	<u>(47,431)</u>
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Net long term liabilities

<u>\$ -</u>	<u>\$ -</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 2006 is \$ 43,725 (2005 - \$ 47,431) and is not recorded on the "Consolidated Balance Sheet".

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2006

5. DEFERRED REVENUE

The balance of deferred revenue on the "Consolidated Balance Sheet" is comprised of externally restricted reserve funds for unspent gas tax revenue and funds under the Development Charges Act.

Transactions in the account during the year were as follows:

	<u>2006</u>	<u>2005</u>
Balance at the beginning of the year	\$ 54,875	\$ 41,479
Add: Interest earned	1,725	666
Development charges and lot fees	19,000	22,730
Gas tax revenue	<u>25,027</u>	<u>25,027</u>
	\$ <u>100,627</u>	\$ <u>89,902</u>
Less: Transfers to current fund	<u>\$ 10,000</u>	<u>\$ 35,027</u>
Balance at the end of the year	<u>\$ 90,627</u>	<u>\$ 54,875</u>

6. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$ 3,500 (2005 - \$ 3,500) 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.

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 balance sheet of the trust funds of the Corporation of the Township of Horton as at 31 December 2006, and the statement of continuity of the trust funds 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 financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of Horton as at 31 December 2006, 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.

MacKillican & Associates

RENFREW, Ontario.

28 May 2007.

Chartered Accountants.

Township of Horton

Trust Funds

Statement of Continuity

For the year ended 31 December 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Fund balances at the beginning of the year	\$ <u>3,500</u>	\$ <u>4,630</u>
Revenue:		
Interest earned - bank	\$ <u>54</u>	\$ <u>50</u>
Expenditure:		
Repayment to the Province of Ontario		\$ 1,073
Administration charges and maintenance	\$ <u>54</u>	<u>107</u>
	\$ <u>54</u>	\$ <u>1,180</u>
Fund balances at the end of the year	\$ <u><u>3,500</u></u>	\$ <u><u>3,500</u></u>

Township of Horton

Trust Funds

Balance Sheet

As at 31 December 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash in bank		\$ 1,582
Investments	\$ <u>3,500</u>	<u>3,500</u>
	\$ <u><u>3,500</u></u>	\$ <u><u>5,082</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Due to revenue fund		\$ 509
Due to province		1,073
Fund balances	\$ <u>3,500</u>	<u>3,500</u>
	\$ <u><u>3,500</u></u>	\$ <u><u>5,082</u></u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Trust Funds

Notes to the Financial Statements

For the year ended 31 December 2006

1. ACCOUNTING POLICIES

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenditures 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. CEMETERY TRUST

The Municipality has assumed the responsibility of maintaining the McLaren Cemetery.