

Township of Horton

Financial Report

For the year ended 31 December 2007

**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 2007, 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 2007, 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.

16 February 2008.

**Chartered Accountants,**

Licensed Public Accountants.

Township of Horton

Consolidated Balance Sheet

As at 31 December 2007  
(with 2006 figures for comparison)

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current:		
Cash	\$ 499,082	\$ 409,387
Taxes receivable	357,077	313,297
Accounts receivable	<u>64,700</u>	<u>124,126</u>
	<u>\$ 920,859</u>	<u>\$ 846,810</u>
 <b>LIABILITIES AND MUNICIPAL POSITION</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 121,980	\$ 206,343
Deferred revenue (Note 4)	120,687	90,627
Solid waste landfill closure costs (Note 6)	<u>120,000</u>	<u>120,000</u>
	<u>\$ 362,667</u>	<u>\$ 416,970</u>
Municipal position:		
Fund balances:		
Current fund	\$ 42,079	\$ (1,243)
Reserves	<u>636,113</u>	<u>551,083</u>
Fund balances	\$ 678,192	\$ 549,840
Amounts to be recovered: (Note 1(b) (iv))		
Solid waste landfill closure costs	<u>(120,000)</u>	<u>(120,000)</u>
Municipal position	<u>\$ 558,192</u>	<u>\$ 429,840</u>
	<u>\$ 920,859</u>	<u>\$ 846,810</u>

(See accompanying notes)

Township of Horton

Consolidated Statement of Operations

For the year ended 31 December 2007  
(with 2007 budget and 2006 actual figures for comparison)

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
<b>Revenue:</b>			
Net municipal taxation	\$ 1,182,214	\$ 1,169,134	\$ 1,052,971
Transfer payments:			
Ontario	373,283	386,919	414,389
Canada	10,000	11,120	1,242
Other municipalities	84,000	84,000	
Other	<u>222,011</u>	<u>234,007</u>	<u>220,881</u>
	<u>\$ 1,871,508</u>	<u>\$ 1,885,180</u>	<u>\$ 1,689,483</u>
<b>Expenditure:</b>			
<b>Current:</b>			
General government	\$ 502,280	\$ 414,581	\$ 395,883
Protection to persons and property	338,662	315,795	329,699
Transportation services	624,748	550,814	564,994
Environmental services	131,700	234,095	225,520
Social and health services	10,000	10,000	9,010
Recreation and cultural services	79,283	68,422	64,723
Planning and development	<u>18,000</u>	<u>15,397</u>	<u>11,509</u>
Total current expenditure	<u>\$ 1,704,673</u>	<u>\$ 1,609,104</u>	<u>\$ 1,601,338</u>
<b>Capital:</b>			
Protection to persons and property	\$ 15,460	\$ 6,086	\$ 4,775
Transportation services	48,653	46,073	218,680
Environmental services	75,000	39,472	
Recreation and cultural services	<u>23,256</u>	<u>56,093</u>	<u>15,319</u>
Total capital expenditure	<u>\$ 162,369</u>	<u>\$ 147,724</u>	<u>\$ 238,774</u>
Total expenditure	<u>\$ 1,867,042</u>	<u>\$ 1,756,828</u>	<u>\$ 1,840,112</u>
Change in fund balances during the year	<u>\$ 4,466</u>	<u>\$ 128,352</u>	<u>\$ (150,629)</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Township of Horton

Schedule of Current Fund Operations

For the year ended 31 December 2007  
(with 2007 budget and 2006 actual figures for comparison)

	Budget <u>2007</u>	Actual <u>2007</u>	Actual <u>2006</u>
Revenue:			
Net municipal taxation	\$ 1,182,214	\$ 1,169,134	\$ 1,052,971
Transfer payments:			
Ontario	373,283	376,919	414,389
Canada		1,120	1,242
Other	<u>222,011</u>	<u>229,057</u>	<u>219,137</u>
	<u>\$ 1,777,508</u>	<u>\$ 1,776,230</u>	<u>\$ 1,687,739</u>
Expenditure:			
General government	\$ 502,280	\$ 414,581	\$ 395,883
Protection to persons and property	338,662	315,795	329,699
Transportation services	624,748	550,814	564,994
Environmental services	131,700	234,095	225,520
Social and health services	10,000	10,000	9,010
Recreation and cultural services	79,283	68,422	64,723
Planning and development	<u>18,000</u>	<u>15,397</u>	<u>11,509</u>
	<u>\$ 1,704,673</u>	<u>\$ 1,609,104</u>	<u>\$ 1,601,338</u>
Net surplus for the year	<u>\$ 72,835</u>	<u>\$ 167,126</u>	<u>\$ 86,401</u>
Financing and transfers:			
Transfer to capital	\$ (68,369)	\$ (62,338)	\$ (237,030)
Transfer from (to) reserves	<u>(3,223)</u>	<u>(61,466)</u>	<u>152,752</u>
Net financing and transfers	<u>\$ (71,592)</u>	<u>\$ (123,804)</u>	<u>\$ (84,278)</u>
Change in current fund balance during the year	\$ 1,243	\$ 43,322	\$ 2,123
Current fund balance at the beginning of the year	<u>(1,243)</u>	<u>(1,243)</u>	<u>(3,366)</u>
Current fund balance at the end of the year	<u>\$ -</u>	<u>\$ 42,079</u>	<u>\$ (1,243)</u>

(See accompanying notes)

Township of Horton

Schedule of Reserves

For the year ended 31 December 2007  
(with 2007 budget and 2006 actual figures for comparison)

	Budget 2007	Actual 2007	Actual 2006
Net transfers from (to) other funds:			
Transfer from (to) current fund	\$ 3,223	\$ 61,466	\$ (152,752)
Transfer from capital fund		23,564	
Change in reserves during the year	\$ 3,223	\$ 85,030	\$ (152,752)
Reserves at the beginning of the year	551,083	551,083	703,835
Reserves at the end of the year	<u>\$ 554,306</u>	<u>\$ 636,113</u>	<u>\$ 551,083</u>
Analyzed as follows:			
Reserves set aside for specific purposes:			
Working funds	\$ 294,501	\$ 306,001	\$ 272,869
Fire equipment replacement	54,000	74,000	34,000
Landfill site	117,000	92,237	100,000
Transportation	26,347	71,347	78,250
Septage		54,528	
Future equipment	49,000	33,500	31,000
Recreation	8,958		34,964
Election expenses	4,500	4,500	
Total reserves	<u>\$ 554,306</u>	<u>\$ 636,113</u>	<u>\$ 551,083</u>

(See accompanying notes)

Township of Horton

Schedule of Capital Fund Operations

For the year ended 31 December 2007

(with 2007 budget and 2006 actual figures for comparison)

	Budget 2007	Actual 2007	Actual 2006
<b>Revenue:</b>			
Grants - Canada	\$ 10,000	\$ 10,000	
- Other municipalities	84,000	84,000	
Donations		6,250	\$ 1,744
Other		8,700	
	\$ 94,000	\$ 108,950	\$ 1,744
<b>Expenditure:</b>			
Protection to persons and property	\$ 15,460	\$ 6,086	\$ 4,775
Transportation services	48,653	46,073	218,680
Environmental services	75,000	39,472	
Recreation and cultural services	23,256	56,093	15,319
	\$ 162,369	\$ 147,724	\$ 238,774
Net deficit for the year	\$ (68,369)	\$ (38,774)	\$ (237,030)
<b>Financing and transfers:</b>			
Transfer from current fund	\$ 68,369	\$ 62,338	\$ 237,030
Transfer to reserves		(23,564)	
	\$ 68,369	\$ 38,774	\$ 237,030
Change in capital fund balance during the year	\$ -	\$ -	\$ -
Capital fund balance at the beginning of the year	-	-	-
Capital fund balance at the end of the year	\$ -	\$ -	\$ -

(See accompanying notes)

Township of Horton

Consolidated Statement of Cash Flows

For the year ended 31 December 2007  
(with 2006 figures for comparison)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Net surplus (deficit) for the year	\$ <u>128,352</u>	\$ <u>(150,629)</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (43,780)	\$ 52,978
- decrease (increase) in accounts receivable	59,426	(30,270)
- increase (decrease) in accounts payable and accrued liabilities	(84,363)	75,654
- increase in deferred revenue	<u>30,060</u>	<u>35,752</u>
	\$ <u>(38,657)</u>	\$ <u>134,114</u>
Cash flows from (used for) operating activities	\$ <u>89,695</u>	\$ <u>(16,515)</u>
Net increase (decrease) in cash during the year	\$ 89,695	\$ (16,515)
Cash at the beginning of the year	<u>409,387</u>	<u>425,902</u>
Cash at the end of the year	\$ <u><u>499,082</u></u>	\$ <u><u>409,387</u></u>

(See accompanying notes)

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2007

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 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 fund and its related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Fund 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 estimated costs of closing and monitoring the Municipality's landfill site.

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2007

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	\$ 964,437	\$ 1,034,707
Share of payments in lieu of taxes	<u>                    </u>	<u>                    718</u>
Amounts requisitioned	<u>\$ 964,437</u>	<u>\$ 1,035,425</u>

3. 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 2007 is \$ 87,394 (2006 - \$ 43,725) and is not recorded on the "Consolidated Balance Sheet".

4. DEFERRED REVENUE

The balance of deferred revenue on the "Consolidated Balance Sheet" is comprised of the following externally restricted reserve funds.

	<u>2007</u>	<u>2006</u>
Gas tax revenue	\$ 58,393	\$ 25,027
Lot development charges and lot fees	<u>62,294</u>	<u>65,600</u>
	<u>\$ 120,687</u>	<u>\$ 90,627</u>

Transactions in the accounts during the year were as follows:

	<u>2007</u>	<u>2006</u>
Balance at the beginning of the year	\$ 90,627	\$ 54,875
Add: Interest earned	2,394	1,725
Development charges and lot fees	33,000	19,000
Gas tax revenue	<u>33,366</u>	<u>25,027</u>
	<u>\$ 159,387</u>	<u>\$ 100,627</u>
Less: Transfer to capital fund	\$ 8,700	
Transfer to current fund	<u>30,000</u>	<u>10,000</u>
	<u>\$ 38,700</u>	<u>\$ 10,000</u>
Balance at the end of the year	<u>\$ 120,687</u>	<u>\$ 90,627</u>

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2007

5. TRUST FUND

Trust fund administered by the Municipality amounting to \$ 3,500 (2006 - \$ 3,500) has not been included in the "Consolidated Balance Sheet" nor have its operations been included in the "Consolidated Statement of Operations".

6. 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.

7. TANGIBLE CAPITAL ASSETS

Effective in 2009 all municipalities are required, under Section PS3150 of the Public Sector Accounting Handbook, to report tangible capital assets in their financial statements.

The Municipality is in the process of compiling the information needed to comply with this new reporting requirement.

**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 McLaren Cemetery trust fund as at 31 December 2007, and the statement of continuity of the trust fund 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 McLaren Cemetery trust fund as at 31 December 2007, and the continuity of the trust fund for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

*MacKillican & Associates*

RENFREW, Ontario.

16 February 2008.

**Chartered Accountants,**

Licensed Public Accountants.

Township of Horton

McLaren Cemetery Trust Fund

Statement of Continuity

For the year ended 31 December 2007  
(with 2006 figures for comparison)

	<u>2007</u>	<u>2006</u>
Fund balance at the beginning of the year	\$ <u>3,500</u>	\$ <u>3,500</u>
Revenue:		
Interest earned - bank	\$ <u>29</u>	\$ <u>54</u>
Expenditure:		
Administration charges and maintenance	\$ <u>29</u>	\$ <u>54</u>
Fund balance at the end of the year	\$ <u><u>3,500</u></u>	\$ <u><u>3,500</u></u>

Township of Horton

McLaren Cemetery Trust Fund

Balance Sheet

As at 31 December 2007  
(with 2006 figures for comparison)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Investments	\$ <u>3,500</u>	\$ <u>3,500</u>
<u>FUND BALANCE</u>		
Fund balance	\$ <u><u>3,500</u></u>	\$ <u><u>3,500</u></u>

(See accompanying notes)

Township of Horton

McLaren Cemetery Trust Fund

Notes to the Financial Statements

For the year ended 31 December 2007

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.