

Township of Horton

Financial Report

For the year ended 31 December 2004

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 2004, and the consolidated statements of operations and cash flows and the schedules of current fund operations, reserves and reserve funds 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 2004, 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.

RENFREW, Ontario.

18 February 2005.

Chartered Accountants.

Township of Horton

Consolidated Balance Sheet

As at 31 December 2004
(with 2003 figures for comparison)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Current:		
Cash	\$ 166,020	\$ 149,528
Taxes receivable	414,310	313,432
Accounts receivable	<u>84,849</u>	<u>264,111</u>
	<u>\$ 665,179</u>	<u>\$ 727,071</u>
 <u>LIABILITIES AND MUNICIPAL POSITION</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 76,644	\$ 154,263
Deferred revenue (Note 5)	41,479	48,948
Net long term liabilities (Note 3)	11,000	33,165
Solid waste landfill closure costs (Note 7)	<u>120,000</u>	<u>120,000</u>
	<u>\$ 249,123</u>	<u>\$ 356,376</u>
Municipal position:		
Fund balances:		
Current fund	\$ (10,883)	\$ 52,966
Capital fund		43,349
Reserves and reserve funds	<u>557,939</u>	<u>427,545</u>
Fund balances	<u>\$ 547,056</u>	<u>\$ 523,860</u>
Amounts to be recovered (Note 1(b) (iv)):		
Net long term liabilities	\$ (11,000)	\$ (33,165)
Solid waste landfill closure costs	<u>(120,000)</u>	<u>(120,000)</u>
	<u>\$ (131,000)</u>	<u>\$ (153,165)</u>
Municipal position	<u>\$ 416,056</u>	<u>\$ 370,695</u>
	<u>\$ 665,179</u>	<u>\$ 727,071</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Consolidated Statement of Operations

For the year ended 31 December 2004

(with 2004 budget and 2003 actual figures for comparison)

	Budget <u>2004</u>	Actual <u>2004</u>	Actual <u>2003</u>
Revenue:			
Net municipal taxation	\$ 895,912	\$ 905,780	\$ 873,404
Transfer payments:			
Ontario	381,500	407,580	479,595
Canada		1,146	5,729
Other	<u>126,118</u>	<u>173,206</u>	<u>287,629</u>
	<u>\$ 1,403,530</u>	<u>\$ 1,487,712</u>	<u>\$ 1,646,357</u>
Expenditure:			
Current:			
General government	\$ 314,958	\$ 319,470	\$ 304,380
Protection to persons and property	276,259	299,890	258,297
Transportation services	386,643	430,550	357,510
Environmental services	177,910	188,604	178,737
Social and health services	4,200	4,345	4,014
Recreation and cultural services	61,885	52,811	30,915
Planning and development	<u>3,700</u>	<u>10,857</u>	<u>946</u>
Total current expenditure	<u>\$ 1,225,555</u>	<u>\$ 1,306,527</u>	<u>\$ 1,134,799</u>
Capital:			
General government	\$ 8,000	\$ 7,596	\$ 2,096
Protection to persons and property	19,700	6,681	34,178
Transportation services			13,762
Environmental services	3,000		
Recreation and cultural services	<u>115,599</u>	<u>132,712</u>	<u>388,705</u>
Total capital expenditure	<u>\$ 146,299</u>	<u>\$ 146,989</u>	<u>\$ 438,741</u>
Total expenditure	<u>\$ 1,371,854</u>	<u>\$ 1,453,516</u>	<u>\$ 1,573,540</u>
Net surplus for the year	<u>\$ 31,676</u>	<u>\$ 34,196</u>	<u>\$ 72,817</u>
Financing and transfers:			
Long term debt repaid	\$ (11,000)	\$ (11,000)	\$ (8,210)
Long term debt issued			<u>22,000</u>
Total financing and transfers	<u>\$ (11,000)</u>	<u>\$ (11,000)</u>	<u>\$ 13,790</u>
Change in fund balances during the year	<u>\$ 20,676</u>	<u>\$ 23,196</u>	<u>\$ 86,607</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Schedule of Current Fund Operations

For the year ended 31 December 2004

(with 2004 budget and 2003 actual figures for comparison)

	Budget <u>2004</u>	Actual <u>2004</u>	Actual <u>2003</u>
Revenue:			
Net municipal taxation	\$ 895,912	\$ 905,780	\$ 873,404
Transfer payments:			
Ontario	342,000	365,793	351,234
Canada		1,146	5,729
Other	<u>126,118</u>	<u>163,765</u>	<u>127,710</u>
	<u>\$ 1,364,030</u>	<u>\$ 1,436,484</u>	<u>\$ 1,358,077</u>
Expenditure:			
General government	\$ 314,958	\$ 319,470	\$ 304,380
Protection to persons and property	276,259	299,890	258,297
Transportation services	386,643	430,550	357,510
Environmental services	177,910	188,604	178,737
Social and health services	4,200	4,345	4,014
Recreation and cultural services	61,885	52,811	30,915
Planning and development	<u>3,700</u>	<u>10,857</u>	<u>946</u>
	<u>\$ 1,225,555</u>	<u>\$ 1,306,527</u>	<u>\$ 1,134,799</u>
Net surplus for the year	<u>\$ 138,475</u>	<u>\$ 129,957</u>	<u>\$ 223,278</u>
Financing and transfers:			
Repayment of long term debt	\$ (11,000)	\$ (11,000)	\$ (8,210)
Transfer to capital	(26,000)	(12,760)	(53,122)
Transfer to reserves	<u>(154,441)</u>	<u>(170,046)</u>	<u>(130,034)</u>
Net financing and transfers	<u>\$ (191,441)</u>	<u>\$ (193,806)</u>	<u>\$ (191,366)</u>
Change in current fund balance during the year	\$ (52,966)	\$ (63,849)	\$ 31,912
Current fund balance at the beginning of the year	<u>52,996</u>	<u>52,966</u>	<u>21,054</u>
Current fund balance at the end of the year	<u>\$ -</u>	<u>\$ (10,883)</u>	<u>\$ 52,966</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Horton

Schedule of Capital Fund Operations

For the year ended 31 December 2004
(with 2004 budget and 2003 actual figures for comparison)

	Budget <u>2004</u>	Actual <u>2004</u>	Actual <u>2003</u>
Revenue:			
Grant - Ontario	\$ 39,500	\$ 41,787	\$ 128,361
Insurance proceeds			156,964
Donations		<u>9,441</u>	
	<u>\$ 39,500</u>	<u>\$ 51,228</u>	<u>\$ 285,325</u>
Expenditure:			
General government	\$ 8,000	\$ 7,596	\$ 2,096
Protection to persons and property	19,700	6,681	34,178
Transportation services			13,762
Environmental services	3,000		
Recreation and cultural services	<u>115,599</u>	<u>132,712</u>	<u>388,705</u>
Total expenditure	<u>\$ 146,299</u>	<u>\$ 146,989</u>	<u>\$ 438,741</u>
Net deficit for the year	<u>\$ (106,799)</u>	<u>\$ (95,761)</u>	<u>\$ (153,416)</u>
Financing and transfers:			
Long term debt proceeds			\$ 22,000
Transfer from current fund	\$ 26,000	\$ 12,760	53,122
Transfer from reserves	<u>37,450</u>	<u>39,652</u>	<u>121,643</u>
Net financing and transfers	<u>\$ 63,450</u>	<u>\$ 52,412</u>	<u>\$ 196,765</u>
Change in capital fund balance during the year	\$ (43,349)	\$ (43,349)	\$ 43,349
Capital fund balance at the beginning of the year	<u>43,349</u>	<u>43,349</u>	
Capital fund balance at the end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,349</u></u>

(See accompanying notes)

Township of Horton

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2004

(with 2004 budget and 2003 actual figures for comparison)

	Budget <u>2004</u>	Actual <u>2004</u>	Actual <u>2003</u>
Revenue:			
Interest	\$ -	\$ -	\$ 2,955
Net transfers from (to) other funds:			
Transfer from current fund	\$ 154,441	\$ 170,046	\$ 130,034
Transfer to capital fund	<u>(37,450)</u>	<u>(39,652)</u>	<u>(121,643)</u>
	<u>\$ 116,991</u>	<u>\$ 130,394</u>	<u>\$ 8,391</u>
Change in reserves and reserve fund balances during the year	\$ 116,991	\$ 130,394	\$ 11,346
Reserves and reserve fund balances at the beginning of the year	<u>427,545</u>	<u>427,545</u>	<u>416,199</u>
Reserves at the end of the year	<u>\$ 544,536</u>	<u>\$ 557,939</u>	<u>\$ 427,545</u>
Analyzed as follows:			
Reserves set aside for specific purposes:			
Working funds	\$ 342,811	\$ 304,676	\$ 317,811
Fire equipment replacement		18,788	4,700
Landfill site	25,000	25,000	12,500
Future equipment	171,225	203,975	92,534
Election expenses	<u>5,500</u>	<u>5,500</u>	
Total reserves	<u>\$ 544,536</u>	<u>\$ 557,939</u>	<u>\$ 427,545</u>

(See accompanying notes)

Township of Horton

Consolidated Statement of Cash Flows

For the year ended 31 December 2004
(with 2003 figures for comparison)

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net surplus for the year	\$ <u>34,196</u>	\$ <u>72,817</u>
Net change in non cash working capital balances related to operations:		
- increase in taxes receivable	\$ (100,878)	\$ (58,405)
- decrease (increase) in accounts receivable	179,262	(197,841)
- Increase (decrease) in accounts payable and accrued liabilities	(77,619)	126,089
- Increase (decrease) in deferred revenue	<u>(7,469)</u>	<u>15,273</u>
	\$ <u>(6,704)</u>	\$ <u>(114,884)</u>
Cash flows from (used for) operating activities	\$ <u>27,492</u>	\$ <u>(42,067)</u>
Cash flows from financing activities:		
Proceeds from long term debt		\$ 22,000
Repayment of long term debt	\$ <u>(11,000)</u>	<u>(8,210)</u>
Cash flows from (used for) financing activities	\$ <u>(11,000)</u>	\$ <u>13,790</u>
Net increase (decrease) in cash during the year	\$ 16,492	\$ (28,277)
Cash at the beginning of the year	<u>149,528</u>	<u>177,805</u>
Cash at the end of the year	<u>\$ 166,020</u>	<u>\$ 149,528</u>

(See accompanying notes)

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2004

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.

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2004

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	\$ 888,566	\$ 837,721
Share of payments in lieu of taxes		<u>897</u>
Amounts requisitioned	<u>\$ 888,566</u>	<u>\$ 838,618</u>

3. NET LONG TERM LIABILITIES

2004

2003

(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

\$ 14,268	\$ 39,393
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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>(3,268)</u>	<u>(6,228)</u>
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Net long term liabilities

<u>\$ 11,000</u>	<u>\$ 33,165</u>
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(b) The total net long term liabilities of \$ 11,000 reported above are repayable in 2005.

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 2004 is \$ 3,268 (2003 - \$ 6,228) and is not recorded on the "Consolidated Balance Sheet".

Township of Horton

Notes to the Financial Statements

For the year ended 31 December 2004

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>2004</u>	<u>2003</u>
Lot development fees	\$ 41,479	\$ 45,275
Lot levies	<u> </u>	<u>3,673</u>
	<u>\$ 41,479</u>	<u>\$ 48,948</u>

6. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$ 4,630 (2003 - \$ 5,104) 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.