

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
FINANCIAL ASSETS		
Unrestricted		
Cash	\$ 23,094	\$ 165,526
Taxes receivable	132,766	110,584
Accounts receivable	<u>122,517</u>	<u>102,685</u>
	<u>278,377</u>	<u>378,795</u>
Restricted (Note 5)		
Cash	638,012	538,920
Accounts receivable	<u>-</u>	<u>19,393</u>
	<u>638,012</u>	<u>558,313</u>
	<u>916,389</u>	<u>937,108</u>
 LIABILITIES		
Bank indebtedness (Note 4)	15,241	-
Accounts payable and accrued liabilities	150,604	192,529
Deferred revenue - general	18,459	50,427
Deferred revenue - obligatory	24,921	-
Due to undetermined school board (Note 5)	638,012	558,313
Solid waste landfill closure and post closure liabilities (Note 6)	47,323	134,917
Net long-term liabilities (Note 7)	<u>143,754</u>	<u>138,370</u>
	<u>1,038,314</u>	<u>1,074,556</u>
 NET LIABILITIES	 <u>\$ (121,925)</u>	 <u>\$ (137,448)</u>
 MUNICIPAL POSITION		
Amounts to be recovered		
From future revenues	\$ (191,077)	\$ (273,287)
Fund balances (Note 8)		
Current fund	(30,375)	(5,016)
Capital fund	-	-
Reserves and reserve funds	<u>99,527</u>	<u>140,856</u>
	<u>\$ (121,925)</u>	<u>\$ (137,447)</u>

(See accompanying notes and schedules)

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
REVENUES			
Taxation and user charges			
Property taxation	\$ 926,780	\$ 949,673	\$ 899,505
Payment in lieu of taxes	16,773	20,337	18,938
Grants			
Province of Ontario	954,518	957,169	1,716,919
Government of Canada	4,452	1,455	4,975
Other			
License and permits	16,500	23,164	11,909
Penalties and interest	15,000	18,066	15,939
Rent	10,000	20,808	20,590
Fees, service charges and donations	95,715	90,791	111,111
Investment income	-	2,301	1,520
District of Nipissing Social Services Administration Board	43,590	43,590	-
Sale of land	1,000	225	3,934
Recoveries from unconsolidated local boards	<u>-</u>	<u>-</u>	<u>55,541</u>
Total Revenue	<u>2,084,328</u>	<u>2,127,579</u>	<u>2,860,881</u>
EXPENDITURES			
Current operations			
General government	218,939	219,077	227,302
Protection to persons and property	257,278	269,343	247,513
Transportation services	403,544	441,413	343,057
Environmental services	114,142	33,680	113,472
Health services	116,336	110,343	118,073
Social and family services	648,288	650,338	598,195
Recreation and cultural services	83,862	93,240	83,945
Planning and development	<u>33,361</u>	<u>33,361</u>	<u>32,871</u>
	<u>1,875,750</u>	<u>1,850,795</u>	<u>1,764,428</u>
Capital operations			
General government	1,400	5,555	817,380
Protection to persons and property	21,500	30,298	8,533
Transportation services	57,500	115,859	268,917
Environmental services	57,150	57,391	47,868
Health services	-	896	40,379
Recreation and cultural services	<u>61,090</u>	<u>51,262</u>	<u>1,566</u>
	<u>198,640</u>	<u>261,261</u>	<u>1,184,643</u>
Total Expenditures	<u>2,074,390</u>	<u>2,112,056</u>	<u>2,949,071</u>
NET REVENUES (EXPENDITURES)	9,938	15,523	(88,190)
MUNICIPAL POSITION AT BEGINNING OF YEAR	<u>(137,448)</u>	<u>(137,448)</u>	<u>(49,258)</u>
MUNICIPAL POSITION AT END OF YEAR	<u>\$ (127,510)</u>	<u>\$ (121,925)</u>	<u>\$ (137,448)</u>

(See accompanying notes and schedules)

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED STATEMENT OF UNRESTRICTED CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM (USED IN) OPERATIONS		
Net revenues (expenditures)	\$ 15,523	\$ (88,190)
Sources (uses):		
Taxes receivable	(22,181)	(17,962)
Accounts receivable	(19,832)	315,505
Bank indebtedness	15,241	-
Accounts payable and accrued liabilities	(41,925)	(236,305)
Deferred revenue - general	(31,968)	50,427
Deferred revenue - obligatory	24,921	-
Solid waste landfill closure and post closure liability	<u>(87,594)</u>	<u>7,946</u>
	<u>(147,815)</u>	<u>31,421</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds of long-term liabilities	52,242	32,710
Long-term liabilities repaid	<u>(46,859)</u>	<u>(39,119)</u>
	<u>5,383</u>	<u>(6,409)</u>
NET (DECREASE) INCREASE IN UNRESTRICTED CASH	(142,432)	25,012
UNRESTRICTED CASH AT BEGINNING OF YEAR	<u>165,526</u>	<u>140,514</u>
UNRESTRICTED CASH AT END OF YEAR	<u>\$ 23,094</u>	<u>\$ 165,526</u>

(See accompanying notes and schedules)

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

The Township of South Algonquin is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund and reserves and reserve funds and include the activities of all committees of Council and the following boards which are under the control of Council:

South Algonquin Recreation Board
South Algonquin Public Library Board
South Algonquin Medical Centre Board

Inter-organizational transactions and balances have been eliminated in the preparation of these financial statements.

Fund accounting

The financial statements consist of current, capital and reserves and reserve funds. Interfund transfers are reflected in the appropriate municipal fund balance.

The schedule of current fund operations reflects the Council's program delivery and administrative activities and interfund transfers. The current fund is to be used to offset taxation or user charges in 2006.

The schedule of capital fund operations reflects the current year's capital expenditures, related revenues and interfund transfers.

Certain amounts as approved by council are set aside in reserves and reserve funds for future operating and capital purposes. The schedule of reserves and reserve fund reflects transactions of the reserve fund.

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."

Capital assets

Capital assets are recorded as an expenditure in the year of acquisition on the statement of financial activities.

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred revenue - general

Deferred revenue consists of amounts received in advance of related expenditure. Deferred revenue will be recognized as income in the period the related expenditures are made.

Deferred revenue - obligatory

Deferred revenue - obligatory consists of amounts collected with respect to services which have yet to be provided and set aside under statute. Deferred revenue - obligatory will be recognized as income in the year the related services are provided.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 OPERATIONS OF SCHOOL BOARDS

During 2005, requisitions were made by School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>2005</u>	<u>2004</u>
Property taxes	\$ 382,597	\$ 368,832
Taxation from other governments	<u>2,733</u>	<u>2,379</u>
Amount requisitioned	<u>\$ 385,330</u>	<u>\$ 371,211</u>

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

NOTE 3 CONTRIBUTIONS TO UNCONSOLIDATED ENTITIES

Contributions were made to these entities as follows:

	<u>2005</u>	<u>2004</u>
Renfrew County and District Health Unit	\$ 25,175	\$ 25,175
District of Nipissing Social Services Board	622,814	589,735
East Nipissing Home for the Aged	<u>27,524</u>	<u>8,460</u>
	<u>\$ 675,513</u>	<u>\$ 623,370</u>

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 4 BANK INDEBTEDNESS

The bank indebtedness consists of a temporary bank overdraft which is unsecured and bears interest at the chartered bank prime lending rate plus one-half percent per annum. The overdraft has a credit limit of \$200,000.

NOTE 5 RESTRICTED ASSETS - DUE TO UNDETERMINED SCHOOL BOARD

Due to undetermined school board consists of school rates levied in an area where there is no school board. Under Section 240 of the Education Act these amounts are to be deposited together with the interest thereon in a designated account. These funds are not available to the municipality for its own use.

Subsequent to year end the Ministry of Education determined which school boards these funds are to be disbursed.

NOTE 6 SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Township operates two landfill sites and as a result is liable for the closure and post closure costs associated with each site. These financial statements recognize a liability for closure and post closure care to the extent that the solid waste landfill sites have been used to date. Specifically, usage is measured as cumulative capacity used versus total estimated capacity available. Furthermore, as costs are expected to be incurred in the future, expected closure and post closure costs have been discounted at 6% which is the Township's estimated long term borrowing rate. The following summarizes the Township's estimated closure and post closure costs and remaining capacity of the landfill sites at December 31, 2005:

	Airy <u>Site</u>	Madawaska <u>Site</u>	Total <u>2005</u>	Total <u>2004</u>
Expected total expenditures	\$ 146,025	\$ 95,198	\$ 241,223	\$ 241,223
Amount remaining to be recognized	<u>109,618</u>	<u>84,282</u>	<u>193,900</u>	<u>106,306</u>
Liability recognized to date	\$ <u>36,407</u>	\$ <u>10,916</u>	\$ <u>47,323</u>	\$ <u>134,917</u>
Landfill site's estimated remaining capacity in cubic metres	<u>53,920</u>	<u>20,225</u>	<u>74,145</u>	
Remaining useful life of sites (years)	<u>18</u>	<u>29</u>		
Years needed for post closure care	<u>10</u>	<u>10</u>		

The Township has set aside a reserve of \$23,000 to finance the expected closure and post closure care liabilities.

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 7 LONG-TERM DEBT

(a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	<u>2005</u>	<u>2004</u>
Bank loan payable in monthly instalments of \$2,811 plus interest at 6.182% per annum. The loan matures March 2008	\$ 74,521	\$ 108,261
Loan payable in monthly instalments of \$805 including interest at 5.89% per annum. The loan matures August 2008	22,478	30,109
Loan payable in monthly instalments of \$770 without interest. The loan matures September 2009	34,694	-
Loan payable in monthly instalments of \$635 without interest. The loan matures July 2007	<u>12,061</u>	<u>-</u>
	<u>\$ 143,754</u>	<u>\$ 138,370</u>

(b) Of the net long-term liabilities reported in (a) of this note all are payable from 2006 to 2009. The principal payments will be recovered from general taxation.

(c) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

(d) Future repayments over the next five years on existing net long-term liabilities at December 31, 2005 are as follows:

2006	\$58,661
2007	\$55,933
2008	\$22,221
2009	\$6,939

NOTE 8 MUNICIPAL FUND BALANCES AT END OF YEAR

	<u>2005</u>	<u>2004</u>
Current Fund		
For general reduction of taxation	\$ <u>(30,375)</u>	\$ <u>(5,016)</u>
Reserves and Reserve Funds		
Reserves set aside by Council		
Working capital	\$ -	\$ 10,000
Recreation Hall Capital expenditure	20,661	13,661
Medical Centre Capital expenditure	9,334	9,334
Waste Disposal Reserve	23,000	23,000
Public Works	6,782	76,782
Fire Services	<u>39,750</u>	<u>8,079</u>
	<u>\$ 99,527</u>	<u>\$ 140,856</u>

TOWNSHIP OF SOUTH ALGONQUIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 9 CONTRACTUAL OBLIGATION

Policing

The municipality has a contract with the Province of Ontario for policing services. The contract for 2005 was \$149,626 (2004 - \$148,722)

NOTE 10 FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash, taxes receivable, accounts receivable, accounts payable due to undetermined school board and net long-term liabilities.

Risk

It is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from its financial instruments.

Fair market value

Except for the following, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. It is not practicable to determine the fair value of net long-term liabilities. The terms and conditions of these liabilities are disclosed in note 7 to the financial statements.

NOTE 11 BUDGET FIGURES

Budget established for Capital Funds, Reserves and Reserve Funds are based on project-oriented basis, the cost of which may be carried out over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Consolidated Statement of Financial Activities. Budget figures are unaudited.

NOTE 12 PENSION AGREEMENT

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

The amount contributed to OMERS during the year was \$14,718 (2004 - \$16,223) for current services and is included as an expenditure on the Consolidated Statement of Financial Activities.

NOTE 13 COMPARATIVE FIGURES

Comparative figures have been reclassified to reflect the presentation adopted for the current year.

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
REVENUES			
Taxation and user charges			
Property taxation	\$ 926,780	\$ 949,673	\$ 899,505
Payment in lieu of taxes	16,773	20,337	18,938
Grants			
Province of Ontario	954,518	945,185	790,454
Government of Canada	4,452	1,455	-
Other			
License and permits	16,500	23,164	11,909
Penalties and interest	15,000	18,066	15,939
Rent	10,000	20,808	20,590
Fees, service charges and donations	95,715	90,791	111,111
Investment income	-	2,299	1,521
Recoveries from unconsolidated local boards	-	-	55,541
Sale of land	1,000	225	3,934
	<u>2,040,738</u>	<u>2,072,003</u>	<u>1,929,442</u>
EXPENDITURES			
General government	218,939	219,077	227,302
Protection to persons and property	257,278	269,343	247,513
Transportation services	403,544	441,413	343,057
Environmental services	114,142	33,680	113,472
Health services	116,336	110,343	118,073
Social and Family services	648,288	650,338	598,195
Recreation and cultural services	83,862	93,240	83,945
Planning and development	33,361	33,361	32,871
	<u>1,875,750</u>	<u>1,850,795</u>	<u>1,764,428</u>
NET REVENUES	164,988	221,208	165,014
FINANCING AND TRANSFERS			
To reserves and reserve funds	38,078	41,329	(57,713)
To capital fund	(155,050)	(155,690)	(213,572)
Amounts to be recovered from future revenues	-	(87,594)	7,946
Repayment of long-term liabilities	(43,000)	(44,612)	(39,118)
CHANGE IN CURRENT FUND	5,016	(25,359)	(137,443)
CURRENT FUND BALANCE AT BEGINNING OF YEAR	<u>(5,016)</u>	<u>(5,016)</u>	<u>132,427</u>
CURRENT FUND BALANCE AT END OF YEAR	\$ <u>-</u>	\$ <u>(30,375)</u>	\$ <u>(5,016)</u>

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
REVENUES			
Province of Ontario	\$ -	\$ 11,984	\$ 926,465
Government of Canada	-	-	4,975
District of Nipissing Social Services Administration Board	43,590	43,590	-
Long-term liabilities incurred	<u>-</u>	<u>49,997</u>	<u>32,710</u>
	<u>43,590</u>	<u>105,571</u>	<u>964,150</u>
EXPENDITURES			
General government	1,400	5,555	817,380
Protection to persons and property	21,500	30,298	8,533
Transportation services	57,500	115,859	268,917
Environmental services	57,150	57,391	47,868
Health services	-	896	40,379
Recreation and cultural services	<u>61,090</u>	<u>51,262</u>	<u>1,566</u>
	<u>198,640</u>	<u>261,261</u>	<u>1,184,643</u>
NET EXPENDITURES	(155,050)	(155,690)	(220,493)
FINANCING AND TRANSFERS			
From current fund	155,050	155,690	213,572
From reserve fund	<u>-</u>	<u>-</u>	<u>6,921</u>
CHANGE IN CAPITAL FUND	-	-	-
CAPITAL FUND AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL FUND AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUE	-	-	-
FINANCING AND TRANSFERS			
From current fund	(38,078)	(41,329)	57,713
To capital fund	<u>-</u>	<u>-</u>	<u>(6,921)</u>
CHANGES IN RESERVES AND RESERVE FUNDS	(38,078)	(41,329)	50,792
RESERVES AND RESERVE FUNDS AT BEGINNING OF YEAR	<u>140,856</u>	<u>140,856</u>	<u>90,064</u>
RESERVES AND RESERVE FUNDS BALANCE AT END OF YEAR	<u>\$ 102,778</u>	<u>\$ 99,527</u>	<u>\$ 140,856</u>

TOWNSHIP OF SOUTH ALGONQUIN
CONSOLIDATED SCHEDULE OF CURRENT FUND EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget <u>2005</u>	Actual <u>2005</u>	Actual <u>2004</u>
GENERAL GOVERNMENT			
Salaries, wages and benefits	\$ 136,972	\$ 140,658	\$ 145,451
Materials and services	71,067	68,427	78,483
Rents and financial expenses	8,700	9,940	7,964
Tax reductions, adjustments and write-offs	<u>2,200</u>	<u>52</u>	<u>(4,596)</u>
	<u>218,939</u>	<u>219,077</u>	<u>227,302</u>
PROTECTION TO PERSONS AND PROPERTY			
Salaries, wages and benefits	62,490	70,021	53,775
Materials and services	57,738	49,587	44,906
Rents and financial expenses	-	109	60
Policing	<u>137,050</u>	<u>149,626</u>	<u>148,772</u>
	<u>257,278</u>	<u>269,343</u>	<u>247,513</u>
TRANSPORTATION SERVICES			
Salaries, wages and benefits	129,542	129,102	122,864
Materials and services	<u>274,002</u>	<u>312,311</u>	<u>220,193</u>
	<u>403,544</u>	<u>441,413</u>	<u>343,057</u>
ENVIRONMENTAL SERVICES			
Salaries, wages and benefits	68,432	69,369	63,156
Materials and services	45,710	51,905	42,370
Change in solid waste landfill closure and post closure liabilities	-	(87,594)	7,946
	<u>114,142</u>	<u>33,680</u>	<u>113,472</u>
HEALTH SERVICES			
Salaries	49,351	43,748	52,578
Materials and services	41,810	41,420	40,320
Renfrew County and District Health Unit	<u>25,175</u>	<u>25,175</u>	<u>25,175</u>
	<u>116,336</u>	<u>110,343</u>	<u>118,073</u>
SOCIAL AND FAMILY SERVICES			
District of Nipissing Social Services			
Administration Board	620,763	622,814	589,735
East Nipissing Home for the Aged	<u>27,525</u>	<u>27,524</u>	<u>8,460</u>
	<u>648,288</u>	<u>650,338</u>	<u>598,195</u>
RECREATION AND CULTURAL			
Salaries, wages and benefits	32,335	44,076	29,672
Materials and services	<u>51,527</u>	<u>49,164</u>	<u>54,273</u>
	<u>83,862</u>	<u>93,240</u>	<u>83,945</u>
PLANNING AND DEVELOPMENT			
Municipal Property Assessment Corporation	<u>33,361</u>	<u>33,361</u>	<u>32,871</u>
	<u>\$ 1,875,750</u>	<u>\$ 1,850,795</u>	<u>\$ 1,764,428</u>