

**TOWNSHIP OF HOWICK
FINANCIAL STATEMENTS
DECEMBER 31, 2008**

**VODDEN, BENDER & SEEBACH LLP
Chartered Accountants**

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AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Howick

We have audited the consolidated statement of financial position of the Corporation of the Township of Howick as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position 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 Howick as at December 31, 2008 and the results of its financial activities and changes in its financial position for the year then ended in accordance with the accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

The prior year's comparative figures are based upon financial statements which were reported on by other auditors.

Vodden, Bender & Seebach LLP

Vodden, Bender & Seebach LLP
Chartered Accountants
Licensed Public Accountants

Clinton, Ontario
March 9, 2009

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at December 31 | 2008 | 2007 |
|--|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash | 1,481,196 | 1,579,601 |
| Taxes receivable | 182,589 | 189,708 |
| Accounts receivable | 190,619 | 191,364 |
| Long-term receivables (note 4) | 151,396 | 187,180 |
| Total assets | <u>\$ 2,005,800</u> | <u>\$ 2,147,853</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 143,089 | 352,944 |
| Landfill closure and post closure liability (note 8) | 123,717 | 113,117 |
| Deferred revenue (note 5) | 210,357 | 143,664 |
| Municipal debt (note 6) | 1,122,486 | 1,192,196 |
| | <u>1,599,649</u> | <u>1,801,921</u> |
| MUNICIPAL POSITION | | |
| Operating fund (note 9) | 173,237 | 458,005 |
| Capital fund | - | - |
| Reserves fund | 1,327,721 | 1,007,357 |
| Fund balances | 1,500,958 | 1,465,362 |
| Less: Amounts to be recovered in future years | | |
| Long term liabilities | (971,090) | (1,006,313) |
| Landfill closure and post-closure liabilities | (123,717) | (113,117) |
| | <u>406,151</u> | <u>345,932</u> |
| Total liabilities and municipal position | <u>\$ 2,005,800</u> | <u>\$ 2,147,853</u> |

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

| For the year ended December 31 | 2008 Budget | 2008 Actual | 2007 Actual |
|--|----------------------------|-----------------------------------|----------------------------|
| Revenue | | | |
| Taxation for municipal purposes | 1,275,883 | 1,270,096 | 1,223,395 |
| Transfer payments | 1,750,315 | 2,022,285 | 1,488,398 |
| User charges | 626,462 | 626,689 | 588,860 |
| Other | 88,000 | 134,005 | 139,508 |
| Total revenue | <u>3,740,660</u> | <u>4,053,075</u> | <u>3,440,161</u> |
| Expenditure | | | |
| Current | | | |
| General government | 489,607 | 464,217 | 402,343 |
| Protection to persons and property | 630,564 | 623,052 | 495,137 |
| Transportation services | 1,269,853 | 1,036,451 | 896,385 |
| Environmental services | 173,285 | 162,290 | 266,281 |
| Health services | 5,300 | 20,456 | 18,865 |
| Recreation and culture | 282,439 | 530,737 | 462,605 |
| Planning and development | 131,625 | 60,175 | 44,541 |
| Total current expenditure | <u>2,982,673</u> | <u>2,897,378</u> | <u>2,586,157</u> |
| Capital | | | |
| General government | 15,000 | 12,244 | 10,517 |
| Protection to persons and property | - | - | 26,135 |
| Transportation services | 904,652 | 960,100 | 186,264 |
| Environmental services | 7,500 | 2,241 | 4,011 |
| Recreation and culture | 200,500 | 120,893 | 175,564 |
| Planning and development | 7,000 | - | 74,631 |
| Total capital expenditure | <u>1,134,652</u> | <u>1,095,478</u> | <u>477,122</u> |
| Total expenditure | <u>4,117,325</u> | <u>3,992,856</u> | <u>3,063,279</u> |
| Net revenue (expenditure) | (376,665) | 60,219 | 376,882 |
| Debt principal repayments | (31,223) | (35,223) | (33,687) |
| Transfer to amounts to be recovered | - | 10,600 | 9,591 |
| Change in fund balances | (407,888) | 35,596 | 352,786 |
| Fund balances beginning of year | <u>1,465,362</u> | <u>1,465,362</u> | <u>1,112,576</u> |
| Fund balances end of year | <u><u>\$ 1,057,474</u></u> | <u><u>\$ 1,500,958</u></u> | <u><u>\$ 1,465,362</u></u> |

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK
CONSOLIDATED SCHEDULE OF OPERATING FUND ACTIVITIES**

| For the year ended December 31 | 2008 Budget | 2008 Actual | 2007 Actual |
|---|--------------------------|---------------------------------|--------------------------|
| Revenue | | | |
| Taxation for municipal purposes | 1,275,883 | 1,270,096 | 1,223,395 |
| Government transfers - Ontario | 1,277,496 | 1,549,466 | 1,154,905 |
| Government transfers - other municipalities | - | - | 3,000 |
| Fees and user charges | 593,462 | 591,277 | 538,632 |
| Licences and permits | 8,000 | 9,531 | 11,885 |
| Penalties and interest on taxes | 25,000 | 25,881 | 28,137 |
| Investment income | 54,000 | 53,505 | 66,937 |
| Other | 34,000 | 80,500 | 7,822 |
| Total operating fund revenue | <u>3,267,841</u> | <u>3,580,256</u> | <u>3,034,713</u> |
| Expenditure | | | |
| General government | 489,607 | 464,217 | 402,343 |
| Protection to persons and property | 630,564 | 623,052 | 495,137 |
| Transportation services | 1,269,853 | 1,036,451 | 896,385 |
| Environmental services | 173,285 | 162,290 | 266,281 |
| Health services | 5,300 | 20,456 | 18,865 |
| Recreation, parks and culture | 282,439 | 530,737 | 462,605 |
| Planning and development | 131,625 | 60,175 | 44,541 |
| Total operating fund expenditure | <u>2,982,673</u> | <u>2,897,378</u> | <u>2,586,157</u> |
| Net operating fund revenue (expenditure) | <u>285,168</u> | <u>682,878</u> | <u>448,556</u> |
| Financing and transfers | | | |
| Debt principal repayments | (31,223) | (35,223) | (33,687) |
| From (to) amounts to be recovered | - | 10,600 | 9,591 |
| From (to) capital fund | (357,869) | (378,292) | (312,622) |
| From (to) reserves fund | 88,111 | (564,731) | 83,401 |
| Change in fund balance | (15,813) | (284,768) | 195,239 |
| Opening balance | <u>458,005</u> | <u>458,005</u> | <u>262,766</u> |
| Closing balance | <u><u>\$ 442,192</u></u> | <u><u>\$ 173,237</u></u> | <u><u>\$ 458,005</u></u> |

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK
CONSOLIDATED SCHEDULE OF CAPITAL FUND ACTIVITIES**

| For the year ended December 31 | 2008 Budget | 2008 Actual | 2007 Actual |
|---|--------------------|---------------------------|--------------------|
| Revenue | | | |
| Government transfers - Ontario | 472,819 | 472,819 | 257,138 |
| Government transfers - other municipalities | - | - | 73,355 |
| Fees and user charges | - | - | 10,206 |
| Other | - | - | 64,749 |
| Total capital fund revenue | <u>472,819</u> | <u>472,819</u> | <u>405,448</u> |
| Expenditure | | | |
| General government | 15,000 | 12,244 | 10,517 |
| Protection to persons and property | - | - | 26,135 |
| Transportation services | 904,652 | 960,100 | 186,264 |
| Environmental services | 7,500 | 2,241 | 4,011 |
| Recreation, parks and culture | 200,500 | 120,893 | 175,564 |
| Planning and zoning | 7,000 | - | 74,631 |
| Total capital fund expenditure | <u>1,134,652</u> | <u>1,095,478</u> | <u>477,122</u> |
| Net capital fund revenue (expenditure) | <u>(661,833)</u> | <u>(622,659)</u> | <u>(71,674)</u> |
| Financing and transfers | | | |
| From (to) operating fund | 357,869 | 378,292 | 312,622 |
| From (to) reserves fund | 303,964 | 244,367 | (240,948) |
| Change in fund balance | - | - | - |
| Opening balance | - | - | - |
| Closing balance | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK
CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS**

| For the year ended December 31 | 2008 Budget | 2008 Actual | 2007 Actual |
|--|--------------------------|-----------------------------------|----------------------------|
| Transfers from (to) other funds | | | |
| Operating fund | (88,111) | 564,731 | (83,401) |
| Capital fund | (303,964) | (244,367) | 240,948 |
| | <u>(392,075)</u> | <u>320,364</u> | <u>157,547</u> |
| Change in reserves fund balance | (392,075) | 320,364 | 157,547 |
| Opening balance | 996,557 | 1,007,357 | 849,810 |
| Closing balance | <u><u>\$ 604,482</u></u> | <u><u>\$ 1,327,721</u></u> | <u><u>\$ 1,007,357</u></u> |
| Analyzed as follows: | | | |
| Reserves set aside for specific purposes by council | | | |
| for general government | 360,405 | 431,787 | 376,516 |
| for protection services | - | 10,800 | 82,800 |
| for transportation services | 240,551 | 700,742 | 449,515 |
| for environmental services | - | 25,259 | - |
| for recreation and cultural services | 3,526 | 159,133 | 98,526 |
| | <u><u>\$ 604,482</u></u> | <u><u>\$ 1,327,721</u></u> | <u><u>\$ 1,007,357</u></u> |

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

| For the year ended December 31 | 2008 | 2007 |
|--|----------------------------|----------------------------|
| Operating activities | | |
| Net revenue (expenditures) | 60,219 | 376,882 |
| Decrease (increase) in taxes receivable | 7,119 | (15,103) |
| Decrease (increase) in accounts receivable | 745 | 184,150 |
| Increase (decrease) in accounts payable | (209,855) | 73,309 |
| Increase (decrease) in landfill closure and post closure liability | 10,600 | 9,591 |
| Increase (decrease) in deferred revenue | 66,693 | 51,400 |
| Cash provided by (used for) operating activities | <u>(64,479)</u> | <u>680,229</u> |
| Investing activities | | |
| Decrease (increase) in long-term receivable | 35,784 | (16,317) |
| Cash provided by (used for) investing activities | <u>35,784</u> | <u>(16,317)</u> |
| Financing activities | | |
| Payments on long-term debt | (69,710) | (16,074) |
| Cash provided by (used for) financing activities | <u>(69,710)</u> | <u>(16,074)</u> |
| Increase (decrease) in cash position | (98,405) | 647,838 |
| Cash (overdraft) beginning of year | <u>1,579,601</u> | <u>931,763</u> |
| Cash (overdraft) end of year | <u>\$ 1,481,196</u> | <u>\$ 1,579,601</u> |

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE TOWNSHIP OF HOWICK
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2008

1. Accounting policies

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

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. In addition to general government tax-supported operations, they include any water and sewer systems operated by the municipality and the municipality's proportionate share of joint local boards.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Cemetery Boards

Wroxeter Cemetery Board
Fordwich Cemetery Board
Gorrie Cemetery Board
Lakelet Cemetery Board

Parks and Recreation Boards

Belmore Parks Board
Fordwich and Community Parks Association
Gorrie Parks Board
Wroxeter Recreation Board

Community Centres and Hall Boards

Belmore Community Centre Board
Fordwich Community Hall Board
Gorrie Community Hall Board
Wroxeter Hall Board

A government partnership exists where the municipality has shared control over the board or entity. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

| | |
|-------------------------|-----|
| Wingham Area Fire Board | 27% |
|-------------------------|-----|

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements exclude trust funds that are administered for the benefit of external parties.

b) Basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

d) Long-term investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

1. Accounting policies (continued)

- e) **Capital assets**
 The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the statement of financial activities in the year of acquisition.
- f) **Reserves for future expenditures**
 Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective funds.
- g) **Government transfers**
 Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.
- h) **Deferred revenue**
 Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged.
- i) **Landfill Site Closure and Post-Closure Care**
 Landfill site closure and post-closure care costs are recognized over the operating life of the landfill site, based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.
- j) **Amounts to be Recovered**
 Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmatured long-term liabilities not yet due, and other future expenditures not yet levied on the ratepayers.
- k) **Use of estimates**
 The preparation of financial statements in conformity with 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 expenditures during the period. Actual results could differ from those estimates.

2. Operations of school boards and county

Taxation levied for school board and county purposes are not reflected in the financial statements. The 2008 amounts transferred were \$644,603. (2007 : \$637,546.) for school boards and \$1,336,244. (2007 : \$1,280,631.) for the County of Huron.

3. Trust funds

Trust funds administered by the municipality amounting to \$ 81,681. (2007 : \$ 77,867.) have not been included in the statement of financial position nor have their operations been included in the consolidated statement of financial activities.

4. Long-term receivables

| | 2008 | 2007 |
|--|-------------------|-------------------|
| Tile loans, 6% to 8%, principal and interest payable annually, due 2009 through 2017 | <u>\$ 151,396</u> | <u>\$ 187,180</u> |

5. Deferred revenue

Obligatory reserve funds set aside for specific purposes by legislation, regulation or agreement are made up of the following:

| | 2008 | 2007 |
|--------------------------|-------------------|-------------------|
| Gas tax funding | 194,316 | 128,225 |
| Recreational land | 6,349 | 5,747 |
| Subdivider contributions | <u>9,692</u> | <u>9,692</u> |
| | <u>\$ 210,357</u> | <u>\$ 143,664</u> |

The net change during the year in the restricted deferred revenue balances is made up as follows:

| | Gas tax funding | Recreational Land | Subdivider Contributions |
|---|--------------------|----------------------|-----------------------------|
| Deferred revenue, beginning of year | 128,225 | 5,747 | 9,692 |
| Restricted funds received during the year | 61,396 | - | - |
| Interest earned | <u>4,695</u> | <u>602</u> | <u>-</u> |
| Deferred revenue, end of year | <u>\$ 194,316</u> | <u>\$ 6,349</u> | <u>\$ 9,692</u> |

6. Municipal debt

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

| | 2008 | 2007 |
|---|---------------------|---------------------|
| OIPC loan payable, 5.11% interest, \$40,206 blended payment payable semi-annually, due 2026 | 939,090 | 970,313 |
| Belmore Community Centre roof loan payable, 0% interest, \$4,000 payable annually, due 2016 | 32,000 | 36,000 |
| Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2009 through 2017 | <u>151,396</u> | <u>185,883</u> |
| | <u>\$ 1,122,486</u> | <u>\$ 1,192,196</u> |

Principal payments for the next five years are as follows:

2009: \$60,165. 2010: \$62,329. 2011: \$60,729. 2012: \$63,973. 2013: \$63,012.

7. Pension agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer pension plan, on behalf of 9 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed for 2008 was \$33,575. (2007 : \$32,617.) for current services and is included as an expenditure on the consolidated statement of financial activities. The contribution rate for both 2008 and 2007 was 6.5% to 9.6% depending on age and income level.

OMERS is a multi-employer plan, therefore any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit.

8. Landfill closure and post closure cost liability

Closure and post-closure care requirements are defined in accordance with industry standards and include final covering and landscaping of the landfill site, removal of ground water and leechates, and ongoing environmental monitoring, site inspections and maintenance. These costs will be incurred when the landfill site stops accepting waste, with the post-closure care expected to continue for an additional 30 years. The total future closure and post-closure care costs are estimated to be \$185,000. (2007 : \$175,000.).

At December 31, 2008, the municipality has recognized a liability of \$123,715. (2007 : \$113,117). This represents the present value of the total estimated costs, and is based on a total capacity of 36,390 tonnes and a discount rate of 6%. The balance of the liability of \$61,285 will be accrued as the remaining capacity of 13,449 tonnes is utilized, which is expected to be over the next 22 years.

The reported liability is based on estimates and assumptions with respect to events extending over a 52 year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity and liability. Any changes in these estimates would be recognized in the year the change is identified.

The closure and post-closure care costs are expected to be funded in the year incurred.

9. Operating fund

Available to offset future revenue requirements (required to be financed from future revenues):

| | 2008 | 2007 |
|--|-------------------|-------------------|
| General area taxation | 32,447 | 319,776 |
| Special area levies - Villages | 41,450 | 29,897 |
| Cemeteries | 49,493 | 49,534 |
| Recreation, community centres, parks and halls | <u>49,847</u> | <u>58,798</u> |
| | <u>\$ 173,237</u> | <u>\$ 458,005</u> |

10. Expenditure by object

| | 2008 | 2007 |
|------------------------------|---------------------|---------------------|
| Salaries, wages and benefits | 751,724 | 768,236 |
| Contracted services | 974,145 | 748,053 |
| Materials and supplies | 1,136,345 | 967,585 |
| Capital expenditures | 1,095,478 | 477,122 |
| External transfers | <u>35,164</u> | <u>102,283</u> |
| | <u>\$ 3,992,856</u> | <u>\$ 3,063,279</u> |

11. Contingency for long-term liabilities

The municipality is contingently liable for long-term liabilities with respect to tile drainage loans, and for those for which the responsibility for payment of principal and interest has been assumed by other municipalities, school boards, and unconsolidated entities. At December 31 the principal amounts outstanding are as follows:

| | 2008 | 2007 |
|--|-------------|-------------|
| Tile drainage loans assumed by individuals | \$ 151,396 | \$ 187,180 |

12. Public sector salary disclosure

During 2008, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Corporation of the Township of Howick.

13. Tangible capital assets

Effective for years ending on or after January 1, 2009 local governments must disclose tangible capital assets in accordance with section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Tangible capital assets will be capitalized and amortized over their estimated useful lives.

The municipality has compiled the necessary data to account for its tangible capital assets in the 2009 financial statements.

14. Budget amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2008 budget amounts for the Corporation of the Township of Howick approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities. Budget amounts were not available for certain boards consolidated by the municipality. The budget figures have not been audited.

15. Comparative figures

Certain comparative figures in the financial statements have been reclassified to conform to financial statement presentation adopted in the current year.

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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Howick

We have audited the balance sheet of the trust funds of the Corporation of the Township of Howick as at December 31, 2008 and the statement of operations of 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 for the Corporation of the Township of Howick as at December 31, 2008 and the continuity of trust funds for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

The prior year's comparative figures are based upon financial statements which were reported on by other auditors.

Vodden, Bender & Seebach LLP

Vodden, Bender & Seebach LLP
Chartered Accountants
Licensed Public Accountants
Clinton, Ontario
March 9, 2009

**TOWNSHIP OF HOWICK
TRUST FUNDS**

BALANCE SHEET

As at December 31, 2008

| | Cemetery Care and Maintenance | | | | 2008 | 2007 |
|--|-------------------------------|---------------|------------------|------------------|------------------|------------------|
| | Gorrie | Lakelet | Fordwich | Wroxeter | | |
| Assets | | | | | | |
| Cash | \$ 2,592 | \$ 270 | \$ 35,657 | \$ 43,180 | \$ 81,699 | \$ 77,885 |
| Liabilities | | | | | | |
| Accounts payable and accrued liabilities | | | 11 | 7 | 18 | 18 |
| Fund balance | <u>2,592</u> | <u>270</u> | <u>35,646</u> | <u>43,173</u> | 81,681 | <u>77,867</u> |
| Trust fund balances | <u>\$ 2,592</u> | <u>\$ 270</u> | <u>\$ 35,657</u> | <u>\$ 43,180</u> | \$ 81,699 | <u>\$ 77,885</u> |

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2008

| | Cemetery Care and Maintenance | | | | 2008 | 2007 |
|--|-------------------------------|---------------|------------------|------------------|------------------|------------------|
| | Gorrie | Lakelet | Fordwich | Wroxeter | | |
| Receipts | | | | | | |
| Care and maintenance | 1,630 | | 810 | 1,360 | 3,800 | 3,750 |
| Investment income | 49 | 3 | 1,057 | 1,319 | 2,428 | 3,094 |
| | <u>1,679</u> | <u>3</u> | <u>1,867</u> | <u>2,679</u> | 6,228 | <u>6,844</u> |
| Expenditure | | | | | | |
| Transfers to general - cemetery | 42 | | 1,055 | 1,317 | 2,414 | 3,083 |
| Excess of receipts over expenditures for the year | 1,637 | 3 | 812 | 1,362 | 3,814 | 3,761 |
| Fund balance, beginning of year | 955 | 267 | 34,834 | 41,811 | 77,867 | 74,106 |
| Fund balance, end of year | <u>\$ 2,592</u> | <u>\$ 270</u> | <u>\$ 35,646</u> | <u>\$ 43,173</u> | \$ 81,681 | <u>\$ 77,867</u> |

THE CORPORATION OF THE TOWNSHIP OF HOWICK
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

1. Accounting Policies

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with accounting policies established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Township of Howick.

c) Basis of accounting

Capital receipts and income are reported on the cash basis of accounting. Expenditures are reported on the cash basis of accounting with the exception of administration expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Capital assets

The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the statement of financial activities in the year of acquisition.

f) Use of estimates

The preparation of financial statements in conformity with 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 expenditures during the period. Actual results could differ from those estimates

2. Investments

Trust fund investments have a market value equal to cost of \$ 81,699. (2007 : \$ 77,885.)