

CONSOLIDATED FINANCIAL STATEMENTS
UNITED TOWNSHIPS OF HEAD, CLARA AND MARIA
for year ended
DECEMBER 31, 2003



Welch & Company LLP
Lévesque Marchand, Chartered Accountants

AUDITOR'S REPORT

To the Members of Council, Inhabitants and
Ratepayers of the **CORPORATION OF THE
UNITED TOWNSHIPS OF HEAD, CLARA AND MARIA,**

We have audited the consolidated statement of financial position of the **CORPORATION OF THE UNITED TOWNSHIPS OF HEAD, CLARA AND MARIA** as at December 31, 2003 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the United Townships' 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 **UNITED TOWNSHIPS'** as at December 31, 2003 and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Welch & Company L.P.

CHARTERED ACCOUNTANTS.

Pembroke, Ontario.
February 24, 2004.

UNITED TOWNSHIPS OF HEAD, CLARA AND MARIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
FINANCIAL ASSETS		
Cash	\$ 376,609	\$ 388,403
Taxes receivable	55,247	38,951
Accounts receivable	10,131	21,087
Prepaid expense	<u>10,548</u>	<u>7,840</u>
	<u>452,535</u>	<u>456,281</u>
LIABILITIES		
Accounts payable and accrued liabilities	56,484	69,649
Solid waste landfill closure and post-closure liability (Note 4)	<u>62,500</u>	<u>57,345</u>
	<u>118,984</u>	<u>126,994</u>
NET ASSETS	<u>\$ 333,551</u>	<u>\$ 329,287</u>
MUNICIPAL POSITION		
Fund balances		
Current Fund (Note 5)	\$ 25,531	\$ 34,612
Reserves	<u>370,520</u>	<u>352,020</u>
	396,051	386,632
Amounts to be recovered from future revenues (Note 4)	<u>(62,500)</u>	<u>(57,345)</u>
	<u>\$ 333,551</u>	<u>\$ 329,287</u>

(See accompanying notes and schedules)

UNITED TOWNSHIPS OF HEAD, CLARA AND MARIA

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u> <u>2003</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2002</u>
REVENUES			
Taxation and user charges			
Property taxation	\$ 88,790	\$ 86,880	\$ 82,225
Payment in lieu of taxes	97,000	96,792	98,815
Grants			
Province of Ontario	220,423	235,423	254,423
Other			
Fees, service charges and donations	8,475	14,500	6,593
Investment income	5,050	10,523	6,804
Other	<u>1,370</u>	<u>9,556</u>	<u>7,248</u>
Total Revenue	<u>421,108</u>	<u>453,674</u>	<u>456,108</u>
EXPENDITURES			
Current operations			
General government	128,942	133,447	99,627
Protection to persons and property	74,320	63,128	60,274
Transportation services	140,000	116,664	120,323
Environmental services	64,480	69,980	87,168
Recreation and cultural services	21,478	20,717	16,846
Planning and development	<u>1,500</u>	<u>1,314</u>	<u>1,456</u>
	<u>430,720</u>	<u>405,250</u>	<u>385,694</u>
Capital operations			
General government	9,000	7,481	235
Protection to persons and property	5,000	2,338	6,922
Transportation services	-	14,182	-
Environmental services	-	-	29,389
Recreation and cultural services	<u>-</u>	<u>20,159</u>	<u>33,431</u>
	<u>14,000</u>	<u>44,160</u>	<u>69,977</u>
Total Expenditures	<u>444,720</u>	<u>449,410</u>	<u>455,671</u>
NET REVENUES (EXPENDITURES)	(23,612)	4,264	437
MUNICIPAL POSITION AT BEGINNING OF YEAR	<u>329,287</u>	<u>329,287</u>	<u>328,850</u>
MUNICIPAL POSITION AT END OF YEAR	\$ <u>305,675</u>	\$ <u>333,551</u>	\$ <u>329,287</u>

(See accompanying notes and schedules)

UNITED TOWNSHIPS OF HEAD, CLARA AND MARIA

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
OPERATIONS		
Net revenues	\$ 4,264	\$ 437
Changes in the level of:		
Taxes receivable	(16,296)	(2,713)
Accounts receivable	10,956	(17,415)
Prepaid expense	(2,708)	(1,917)
Accounts payable and accrued liabilities	(13,165)	(4,707)
Solid waste landfill closure and post-closure liability	<u>5,155</u>	<u>38,405</u>
NET (DECREASE) INCREASE IN CASH FROM OPERATIONS AND NET CHANGE IN CASH	(11,794)	12,090
CASH AT BEGINNING OF YEAR	<u>388,403</u>	<u>376,313</u>
CASH AT END OF YEAR	\$ <u><u>376,609</u></u>	\$ <u><u>388,403</u></u>

(See accompanying notes and schedules)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

The United Townships of Head, Clara and Maria is an incorporated municipality in the Province of Ontario. The United Township conducts its operations as directed 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 include the activities of all committees of Council and the Library Board which is under the control of Council.

Interorganizational transactions and balances have been eliminated in the preparation of these financial statements.

Fund Accounting

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

The schedule of current fund operation reflects the United Townships program delivery and administrative activities and interfund transfers. The current fund is to be used to offset taxation or user charges in 2004.

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

The schedule of reserves reflects interfund transfers.

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 reported as an expenditure in the year of acquisition on the statement of financial activities.

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