

AUDITORS

The Municipal Act, Section 299, requires every council to appoint two auditors at the first meeting thereof.

Section 301 provides that the council of any municipality may appoint an Auditor or Auditors in November or December in each year. Section 309 enacts that notwithstanding any thing contained in the Municipal Act, the council of any municipality may appoint an auditor or auditors to examine, report and audit the accounts of the corporation. These sections are referred to as authority for the statement that the council of a municipality may appoint one or two auditors, as they prefer. The custom in most municipalities is to appoint two auditors. The salaries paid are not usually sufficient to secure the services of competent men. The appointment of one permanent auditor at a fair salary is the best practice.

The Statute is very brief in referring to the duties of auditors. Under section 304, they are required:

I. To examine and report upon all accounts affecting the corporation or relating to any matter under its control or within its jurisdiction.

II. Prepare in duplicate an abstract and detailed statement of receipts, expenditures, assets and liabilities in such form as the council directs.

III. Make a report on all accounts audited by them, and a special report of any expenditure made contrary to law.

IV. To send one copy of their report and statement to the Bureau of Industries Toronto, and file the other in the office of the clerk of the council.

V. Report on the condition and value of the security given by the treasurer.

VI. The cash balance if any due from the treasurer to the municipality and where such balance is deposited.

There appears to be a misunderstanding in some municipalities where the auditors confine their duties to an audit and report upon the treasurer's books, which may or may not include all accounts affecting the corporation or all matters under its control or within its jurisdiction. The value of a report will depend entirely upon the individuality and experience of the auditor. The time required to complete an audit, depends largely on the permanent officials of a municipality, and the manner in which their work has been performed. The principal cause of an inefficient audit is the small salary paid, this is usually fixed when the appointment is made. If a complication arises requiring an extended investigation of any class of accounts, it is often passed over as something that is not being paid for.

Some auditors know how and where to procure the information necessary to make an intelligent report, and look upon the salary as a secondary consideration, others are satisfied to check only what is laid before them.

The arrangement of an auditor's report is important, the following is suggested:

I. Report to council, including a reference to special matters as directed by the Municipal Act, and any other question that in their opinion should be brought to the attention of the council or ratepayers of a municipality.

II. Abstract statement of assets, distinguishing between permanent and available assets.

III. Abstract statement of liabilities, distinguishing between current and bonded liabilities.

IV. Debenture statement showing the unpaid principal only of all debentures outstanding on 31st December, (this should be entirely separate from statement III. which would include the debenture liability and distinguish between the current liability or amounts levied for debenture payments and the bonded liabilities for which no levy has been made.)

V. Abstract statement of receipts.

VI. Abstract statement of expenditures.

VII. Detailed statement of receipts.

VIII. Detailed statement of expenditures.

Unless an auditors' report contains the information outlined above it is not complete and should not be accepted. After a report has been received it is the duty of the council to finally audit and allow the accounts of the treasurer and collector and all account chargeable against the corporation. This is usually done by a resolution adopting the auditor's report.

DEBENTURE SALES

The following is a partial list of debenture sales by Ontario municipalities during the past few months.

COUNTIES	AMOUNT	RATE	MATURITY	PRICE SOLD FOR
Hastings County.....	27 000 00	5	10 inst.....	\$ 28 466 00
Peterboro County.....	14 000 00	4	20 inst.....	13 526 00
Prince Edward County.....	15 000 00	4	20 inst.....	14 525 00
TOWNSHIPS				
Twp. of Greenock.....	5 000 00	4	20 inst.....	4 737 00
Twp. of Ellice.....	23 553 17	4½	10 inst.....	25 553 17
Twp. of Stamford.....	3 000 00	4½	10 inst.....	3 000 00
TOWNS AND VILLAGES				
Sandwich.....	6 000 00	4½	20 inst.....	6 000 00
Fort Frances.....	31 000 00	4½	30 years.....	
Oshawa.....	20 000 00	4½	30 inst.....	19 818 00
Midland.....	30 000 00	4½	30 inst.....	30 324 00
Niagara Falls.....	59 754 00	4½	20 inst.....	56 338 34
Niagara Falls.....	20 049 72	4½	20 inst.....	20 049 72
Belleville Harbor Com.....	12 000 00	5	15 inst.....	12 000 00
Waterloo.....	18 000 00	4½	10 and 30 inst.....	17 727 00
MUNICIPALITIES OUTSIDE ONTARIO				
Portage La Prairie.....	65 000 00	5	40 years.....	68 250 00
Strathcona, School District.....	15 000 00	5	30 inst.....	15 467 00
Regina, Sask.....	180 000 00	4½	15 and 20 inst.....	175 717 00
Dartmouth, N. S.....	20 000 00	4	20 years.....	19 500 00
Glenwood, Man.....	4 500 00	5	20 inst.....	4 628 00
Souris.....	3 500 00	5	20 inst.....	3 556 00
Nelson, School District.....	30 000 00	5	30 inst.....	30 505 00
Saskatoon Town.....	125 000 00	5	30 inst.....	122 013 00
Rapid City, Man.....	7 000 00	5	20 inst.....	7 150 50
Battleford, Sas.....	2 000 00	6	7 inst.....	2 003 00
Pincher Creek, Alta.....	10 000 00	5	10 inst.....	10 100 00
Victoria.....	55 736 22	4	10 years.....	55 736 22

A study of comparative income yields of the bonds of ten important cities in the United States during the past ten years recently issued by a large American Bond House shows how greatly money conditions have effected the borrowing powers of municipalities on the other side of the line. The statement shows that Canadian municipalities have had plenty of good company in feeling the pinch. From the rigid debt limitation imposed on cities in the United States by their charters or general state law, their securities, too, tend to occupy a class of the lowest range of fluctuations. The bonds of the City of Cleveland, for example, sold in 1897 on a 3.50% basis. They sold lowest in 1899 on a 3.06% basis. Their present price places them on a 3.85% basis. Taking as a model bond, one running twenty years and bearing 4% its average price during the nine years preceding the present has been 109.28. Its present price is 102.08; or in other words, a Cleveland bond is now 7.20 points lower than the average. The highest price during the period was 114.96, making the present price 12.88 points lower than the highest. Another comparison shows the present price 3.59 points lower than the lowest price of the previous nine years.

These Cleveland bonds fairly indicate the average range of all the cities chosen which include Philadelphia, Pittsburg, New York, Cincinnati, Milwaukee, St. Louis, Chicago, Minneapolis and Kansas City as well as Cleveland.