

Township of Killaloe, Hagarty and Richards

Financial Report

For the year ended 31 December 2015

**MACKILLICAN & ASSOCIATES**

CHARTERED PROFESSIONAL ACCOUNTANTS



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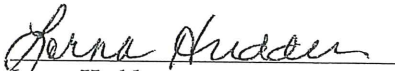
### **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation of the Township of Killaloe, Hagarty and Richards (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is contained in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MacKillican & Associates, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

  
Lorna Hudder  
CAO/Clerk Treasurer

Township of Killaloe, Hagarty and Richards

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MAC KILLICAN  
& ASSOCIATES  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Township of Killaloe, Hagarty and Richards.

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Killaloe, Hagarty and Richards, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Killaloe, Hagarty and Richards and its local boards as at 31 December 2015, and the results of their operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.

*Mackilligan & Associates*

RENFREW, Ontario.  
15 March 2016.

**Chartered Professional Accountants,**  
Licensed Public Accountants.

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Financial Position

As at 31 December 2015

(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Financial assets:		
Cash and cash equivalents	\$ 1,430,867	\$ 1,742,171
Taxes receivable	837,031	787,682
Accounts receivable	346,042	283,148
Investment in Ottawa River Power Corporation (Note 5)	<u>358,895</u>	<u>358,895</u>
	<u>\$ 2,972,835</u>	<u>\$ 3,171,896</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 250,210	\$ 286,760
Deferred revenue - obligatory reserve funds (Note 7)	46,572	49,058
Landfill closure and post closure costs (Note 8)	<u>352,300</u>	<u>352,300</u>
	<u>\$ 649,082</u>	<u>\$ 688,118</u>
Net financial assets	<u>\$ 2,323,753</u>	<u>\$ 2,483,778</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 6,687,398	\$ 6,570,850
Inventories of supplies	39,220	38,405
Prepaid expenses	<u>34,733</u>	<u>173,271</u>
	<u>\$ 6,761,351</u>	<u>\$ 6,782,526</u>
Accumulated surplus	<u>\$ 9,085,104</u>	<u>\$ 9,266,304</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets	\$ 6,378,205	\$ 6,570,850
Discretionary reserve fund	83,220	72,268
Reserves	2,893,617	2,892,098
General	55,853	53,710
Water fund operations	(15,190)	(2,930)
Killaloe & District Public Library Board	30,324	23,925
Village of Killaloe Recreation Committee	11,375	8,683
Unfunded - landfill closure and post closure costs (Note 3)	<u>(352,300)</u>	<u>(352,300)</u>
Total accumulated surplus	<u>\$ 9,085,104</u>	<u>\$ 9,266,304</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Operations  
For the year ended 31 December 2015  
(with 2015 budget and 2014 actual figures for comparison)

	<u>2015</u> <u>Budget</u>	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 2,618,769	\$ 2,668,105	\$ 2,485,705
Government transfers:			
Ontario	1,117,837	849,993	766,111
Canada	110,139	76,887	52,576
Other municipalities	5,887	6,168	6,887
Other	<u>343,890</u>	<u>321,076</u>	<u>359,682</u>
	<u>\$ 4,196,522</u>	<u>\$ 3,922,229</u>	<u>\$ 3,670,961</u>
Expenses:			
General government	\$ 672,996	\$ 661,641	\$ 655,190
Protection to persons and property	894,562	761,348	769,198
Transportation services	1,836,086	1,477,889	1,467,647
Environmental services	949,512	819,981	863,271
Health services	21,000	21,000	21,000
Recreation and cultural services	348,316	360,965	389,582
Planning and development	<u>5,225</u>	<u>605</u>	<u>3,093</u>
	<u>\$ 4,727,697</u>	<u>\$ 4,103,429</u>	<u>\$ 4,168,981</u>
Shortfall of revenue over expenses	\$ (531,175)	\$ (181,200)	\$ (498,020)
Accumulated surplus at the beginning of the year	<u>9,266,304</u>	<u>9,266,304</u>	<u>9,764,324</u>
Accumulated surplus at the end of the year	<u>\$ 8,735,129</u>	<u>\$ 9,085,104</u>	<u>\$ 9,266,304</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Changes in Net Financial Assets  
For the year ended 31 December 2015  
 (with 2015 budget and 2014 actual figures for comparison)

	2015 <u>Budget</u>	2015 <u>Actual</u>	2014 <u>Actual</u>
Shortfall of revenue over expenses	\$ (531,175)	\$ (181,200)	\$ (498,020)
Amortization of tangible capital assets	796,225	807,650	820,127
Acquisition of tangible capital assets	(908,076)	(924,198)	(324,711)
Gain on sale of tangible capital assets			(42,000)
Proceeds on sale of tangible capital assets			42,000
Use of (acquisition of) inventory		(815)	(9,627)
Use of (acquisition of) prepaid expenses	<u>138,718</u>	<u>138,538</u>	<u>(173,271)</u>
Increase (decrease) in net financial assets	\$ (504,308)	\$ (160,025)	\$ (185,502)
Net financial assets, beginning of year	<u>2,483,778</u>	<u>2,483,778</u>	<u>2,669,280</u>
Net financial assets, end of year	<u>\$ 1,979,470</u>	<u>\$ 2,323,753</u>	<u>\$ 2,483,778</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Shortfall of revenue over expenses	\$ (181,200)	\$ (498,020)
Add amortization which does not involve cash	<u>807,650</u>	<u>820,127</u>
	<u>\$ 626,450</u>	<u>\$ 322,107</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (49,349)	\$ (56,678)
- decrease (increase) in accounts receivable	(62,894)	(2,558)
- decrease (increase) in inventories of supplies	(815)	(9,627)
- decrease (increase) in prepaid expenses	138,538	(173,271)
- increase (decrease) in accounts payable and accrued liabilities	(36,550)	109,063
- increase (decrease) in deferred revenue - obligatory reserve funds	<u>(2,486)</u>	<u>24,157</u>
	<u>\$ (13,556)</u>	<u>\$ (108,914)</u>
Cash flows from operating activities	<u>\$ 612,894</u>	<u>\$ 213,193</u>
Cash flows used for investing activities:		
Additions to tangible capital assets:		
General government	\$ (5,597)	\$ (13,514)
Protection services	(402,210)	(75,143)
Transportation services	(516,391)	(180,355)
Environmental services	<u>                    </u>	<u>(55,699)</u>
Cash flows used for investing activities	<u>\$ (924,198)</u>	<u>\$ (324,711)</u>
Decrease in cash and cash equivalents during the year	\$ (311,304)	\$ (111,518)
Cash and cash equivalents at the beginning of the year	<u>1,742,171</u>	<u>1,853,689</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 1,430,867</u></u>	<u><u>\$ 1,742,171</u></u>

(See accompanying notes)



Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Killaloe, Hagarty and Richards are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

The focus of PSAB financial statements is on the financial position of the Township and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

- Village of Killaloe Recreation Committee
- Killaloe & District Public Library Board

(ii) Accounting for County and School Board Transactions

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

- (iii) Trust fund and its related operations administered by the Township are not included in these financial statements but are reported separately.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2015

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(d) Tangible Capital Assets

(i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Non-Residential Building Construction Price Index (NRBCPI) for infrastructure, storm sewers and sanitary sewers and using the Consumer Price Index (CPI) for all other assets. Land for road segments is valued at \$ 1.00 per segment. All other land is valued at cost. Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 - 25 years
Buildings	15 - 30 years
Machinery and equipment	5 - 10 years
Vehicles	5 - 20 years
Linear assets	10 - 40 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization will be charged against the asset. Capital work in progress is not amortized until it is put into service.

The Township has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(e) Inventory

Inventory held for consumption is recorded at the lower of cost or replacement cost on a specific item basis.

(f) Investment Income

Investment income earned on current funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balance.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2015

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(h) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(i) Deferred Revenue - Obligatory Reserve Funds

The Township receives restricted contributions under the authority of provincial and federal legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(j) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(k) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

## 2. FINANCIAL INSTRUMENTS

Financial instruments include cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, approximate their fair values, due to the immediate and short term maturities of these financial instruments.

## 3. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities, comprised of the landfill closure and post closure liabilities.

## 4. TRUST FUND

Trust fund administered by the Township, totaling \$ 2,410 (2014 - \$ 2,410) is presented in a separate financial statement of trust fund financial position and operations. As such, balances held in trust by the Township for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have its operations been included in the Consolidated Statement of Operations.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2015

5. INVESTMENT IN OTTAWA RIVER POWER CORPORATION

The investment in Ottawa River Power Corporation is carried at cost and is comprised as follows:

	<u>2015</u>	<u>2014</u>
179 Common shares of Ottawa River Power Corporation \$	179,000	\$ 179,000
179 Common shares of Ottawa River Solutions Inc.	895	895
7.25% Promissory Note from Ottawa River Power Corporation	<u>179,000</u>	<u>179,000</u>
	<u>\$ 358,895</u>	<u>\$ 358,895</u>

6. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

Requisitions were made by the School Boards and County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 699,450	\$ 1,139,714
Payments in lieu	<u>322</u>	<u>28,352</u>
	<u>\$ 699,772</u>	<u>\$ 1,168,066</u>

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting standards of the Canadian Institute of Chartered Professional Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

- (a) The balance of deferred revenue - obligatory reserve funds on the "Consolidated Statement of Financial Position" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2015</u>	<u>2014</u>
Shoreline	\$ 4,467	\$ 4,467
Gasoline Tax - Federal	<u>42,105</u>	<u>44,591</u>
	<u>\$ 46,572</u>	<u>\$ 49,058</u>

- (b) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2015</u>	<u>2014</u>
Balance at the beginning of the year	\$ 49,058	\$ 24,901
Gas tax revenue received	<u>69,551</u>	<u>71,641</u>
	\$ 118,609	\$ 96,542
Used to purchase tangible capital assets	<u>(72,037)</u>	<u>(47,484)</u>
Balance at the end of the year	<u>\$ 46,572</u>	<u>\$ 49,058</u>

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2015

#### 8. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation. There is currently \$ 690,708 in reserves set aside for either closure or post closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the useful life and estimated post closure care period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

	<u>Killaloe</u>	<u>Red Rock</u>	<u>Round Lake</u>
Landfill sites' estimated remaining capacity in cubic metres	1,007	6,904	77,305
Landfill sites' remaining useful life in years	1	11	5
Expected years of post closure care	25	25	25

#### 9. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Township is not aware of any claims or possible claims as at 31 December 2015.

#### 10. BUDGET FIGURES

The operating budget approved by the Township of Killaloe, Hagarty and Richards for 2015 is reflected on the Consolidated Statement of Operations. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. The budget has not been audited.

#### 11. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Township by major asset class and by function, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

##### (i) Contributed Tangible Capital Assets

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. There were no such transfers in 2015.

Township of Killaloe, Hagarty and Richards

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

(ii) Tangible Capital Assets Recognized at Nominal Value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Township's road allowances. The 2015 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

13. EXPENDITURES BY OBJECT

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following listing classifies the expenditures by object:

	<u>2015</u>	<u>2014</u>
Salaries, wages and employee benefits	\$ 1,242,258	\$ 1,266,671
Operating materials and supplies	1,236,943	1,256,489
Contracted services	785,966	789,065
External transfers	30,612	36,629
Amortization	<u>807,650</u>	<u>820,127</u>
Total expenditures by object	<u>\$ 4,103,429</u>	<u>\$ 4,168,981</u>

14. CONTRACTUAL OBLIGATIONS

In 2014, the Township entered into a 5 year contract with Ontario Clean Water Agency. The fixed price contract was established for water and sewage treatment. The annual cost of this contract was \$ 240,585 (2014 - \$ 227,722) and is adjusted annually for inflation and insurance.

The Township has not negotiated a contract with the Ontario Provincial Police for the provision of policing services, however, the Ontario Provincial Police provide policing services on an annual basis. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The amount for 2015 was \$ 467,846 (2014 - \$ 470,062).

The Township has negotiated a contract with Kenny Kuehl for the collection of curbside garbage for the Village of Killaloe. The contract ran until March 2015. The charges are determined by reference to the Township's number of households. The contract to March 2015 was \$ 4,935 (2014 - \$ 19,565), after which the Township staff performed the curbside garbage for the Village of Killaloe.

The Township has negotiated a contract with Beaumen Waste Management for the collection and disposal of recycled materials at the Killaloe Waste Site. Annual charges are determined based on the number of cubic yard bins. The contract for 2015 was \$ 18,419 (2014 - \$ 18,896).

The Township has negotiated a 10 year contract with Lafleche for the collection and disposal of compacted household waste. The contract runs from May 2013 to May 2023. Annual charges are determined by the ton. The contract for 2015 was \$ 35,531 (2014 - \$ 38,989).

The Township has entered into a commercial lease agreement with John Deere. The lease obligation runs until April 2016. Monthly payments of \$ 5,814 include HST. The cost of the lease agreement in 2015 was \$ 73,332 (2014 - \$ 54,999).

Township of Killaloe, Hagarty and Richards  
Schedule of General Operations  
For the year ended 31 December 2015  
(with 2015 budget and 2014 actual figures for comparison)

	<u>2015</u> <u>Budget</u>	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 2,357,327	\$ 2,383,434	\$ 2,202,138
Government transfers:			
Ontario	1,100,856	825,711	752,520
Canada	108,600	75,567	51,074
Other municipalities	1,239	1,520	2,239
Other	<u>324,090</u>	<u>296,210</u>	<u>337,103</u>
	<u>\$ 3,892,112</u>	<u>\$ 3,582,442</u>	<u>\$ 3,345,074</u>
Expenses:			
General government	\$ 672,996	\$ 661,641	\$ 655,190
Protection to persons and property	894,562	761,348	769,198
Transportation services	1,836,086	1,477,889	1,467,647
Environmental services	688,070	530,535	573,780
Health services	21,000	21,000	21,000
Recreation and cultural services	240,675	250,179	231,942
Planning and development	<u>5,225</u>	<u>605</u>	<u>3,093</u>
	<u>\$ 4,358,614</u>	<u>\$ 3,703,197</u>	<u>\$ 3,721,850</u>
Shortfall of revenue over expenses	<u>\$ (466,502)</u>	<u>\$ (120,755)</u>	<u>\$ (376,776)</u>
Transfers:			
Transfer to library	\$ (68,000)	\$ (64,761)	\$ (124,528)
Transfer from (to) discretionary reserve fund	(15,000)	(10,952)	40,729
Transfer from (to) reserves	607,643	5,966	(33,647)
Transfer from (to) equity in tangible capital assets	<u>(111,851)</u>	<u>192,645</u>	<u>495,416</u>
Net transfers	<u>\$ 412,792</u>	<u>\$ 122,898</u>	<u>\$ 377,970</u>
Change in general surplus (deficit) for the year	\$ (53,710)	\$ 2,143	\$ 1,194
General surplus at the beginning of the year	<u>53,710</u>	<u>53,710</u>	<u>52,516</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 55,853</u>	<u>\$ 53,710</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2015  
(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Revenue:		
User charges	\$ <u>135,191</u>	\$ <u>133,807</u>
Expenses:		
Ontario Clean Water Agency billings	\$ 132,089	\$ 120,916
Hydro	<u>15,362</u>	<u>16,827</u>
	<u>\$ 147,451</u>	<u>\$ 137,743</u>
Shortfall of revenue over expenses	\$ (12,260)	\$ (3,936)
Water fund surplus (deficit) at the beginning of the year	<u>(2,930)</u>	<u>1,006</u>
Water fund surplus (deficit) at the end of the year	<u>\$ (15,190)</u>	<u>\$ (2,930)</u>

(See accompanying notes)



Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2015

(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Revenue:		
User charges	\$ <u>149,480</u>	\$ <u>149,760</u>
Expenses:		
Grant in lieu	\$ 849	\$ 846
Hydro	30,441	29,277
Materials	1,723	14,393
Ontario Clean Water Agency billings	108,496	106,806
Wages	<u>486</u>	<u>426</u>
	\$ <u>141,995</u>	\$ <u>151,748</u>
Excess (shortfall) of revenue over expenses	\$ 7,485	\$ (1,988)
Financing and transfers:		
Transfer from (to) reserves	<u>(7,485)</u>	<u>1,988</u>
Change in sewage fund surplus	\$ -	\$ -
Sewage fund surplus at the beginning of the year	<u>-</u>	<u>-</u>
Sewage fund surplus at the end of the year	<u><u>-</u></u>	<u><u>-</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2015

(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Contributions:		
From operations	\$ <u>212,071</u>	\$ <u>150,444</u>
Transfers:		
Transfer to sewage operations		\$ 1,988
Transfer to tangible capital asset acquisitions	\$ <u>199,600</u>	<u>157,526</u>
	\$ <u>199,600</u>	\$ <u>159,514</u>
Change in reserves and reserve funds balance	\$ 12,471	\$ (9,070)
Reserves and reserve funds at the beginning of the year	<u>2,964,366</u>	<u>2,973,436</u>
Reserves and reserve funds at the end of the year	<u>\$ 2,976,837</u>	<u>\$ 2,964,366</u>
Reserves:		
Working funds	\$ 1,698,893	\$ 1,710,659
Protection services	26,789	26,789
Roadways	436,482	430,682
Wastewater system	15,666	8,181
Waterworks system	21,290	21,290
Solid waste disposal	278,350	278,350
Hydro Reserve Killaloe	<u>416,147</u>	<u>416,147</u>
Total reserves	\$ 2,893,617	\$ 2,892,098
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>83,220</u>	<u>72,268</u>
Total reserves and reserve funds	<u>\$ 2,976,837</u>	<u>\$ 2,964,366</u>

(See accompanying notes)

## Township of Killaloe, Hagarty and Richards

## Schedule of Tangible Capital Assets

As at 31 December 2015

(with 2014 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December 2014	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December 2015
Land	\$ 342,666			\$ 342,666
Land improvements	348,038			348,038
Buildings	4,211,531	\$ 25,476	\$ 44,558	4,281,565
Machinery and equipment	759,181	5,597	(8,635)	756,143
Vehicles	2,046,475	414,153		2,460,628
Linear assets	19,367,543	301,360		19,668,903
Capital work in progress	<u>44,558</u>	<u>177,612</u>	<u>(44,558)</u>	<u>177,612</u>
Total	<u>\$ 27,119,992</u>	<u>\$ 924,198</u>	<u>\$ (8,635)</u>	<u>\$ 28,035,555</u>

Accumulated <u>amortization</u>	Balance at 31 December 2014	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December 2015
Land	\$ 89,211	\$ 8,710		\$ 97,921
Land improvements	209,748	9,344		219,092
Buildings	3,322,826	99,691		3,422,517
Machinery and equipment	317,143	57,241	\$ (8,635)	365,749
Vehicles	1,475,160	108,471		1,583,631
Linear assets	<u>15,135,054</u>	<u>524,193</u>		<u>15,659,247</u>
Total	<u>\$ 20,549,142</u>	<u>\$ 807,650</u>	<u>\$ (8,635)</u>	<u>\$ 21,348,157</u>

<u>Net book value</u>	Balance at 31 December 2014	Balance at 31 December 2015
Land	\$ 253,455	\$ 244,745
Land improvements	138,290	128,946
Buildings	888,705	859,048
Machinery and equipment	442,038	390,394
Vehicles	571,315	876,997
Linear assets	4,232,489	4,009,656
Capital work in progress	<u>44,558</u>	<u>177,612</u>
Total	<u>\$ 6,570,850</u>	<u>\$ 6,687,398</u>

(See accompanying notes)

## Township of Killaloe, Hagarty and Richards

## Schedule of Tangible Capital Assets

As at 31 December 2015

(with 2014 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2014</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2015</u>
General government	\$ 522,841	\$ 5,597	\$ (8,635)	\$ 519,803
Protection services	1,163,063	402,210		1,565,273
Transportation services	17,878,687	516,391		18,395,078
Environmental services - waste sites	731,641			731,641
Environmental services - water	3,786,120			3,786,120
Environmental services - sewage	2,237,101			2,237,101
Recreation services	<u>800,539</u>			<u>800,539</u>
Total	<u>\$ 27,119,992</u>	<u>\$ 924,198</u>	<u>\$ (8,635)</u>	<u>\$ 28,035,555</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2014</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2015</u>
General government	\$ 347,754	\$ 16,901	\$ (8,635)	\$ 356,020
Protection services	804,488	33,350		837,838
Transportation services	13,888,188	536,199		14,424,387
Environmental services - waste sites	291,944	51,877		343,821
Environmental services - water	2,498,744	141,993		2,640,737
Environmental services - sewage	2,235,101			2,235,101
Recreation services	<u>482,923</u>	<u>27,330</u>		<u>510,253</u>
Total	<u>\$ 20,549,142</u>	<u>\$ 807,650</u>	<u>\$ (8,635)</u>	<u>\$ 21,348,157</u>

<u>Net book value</u>	Balance at 31 December <u>2014</u>	Balance at 31 December <u>2015</u>
General government	\$ 175,087	\$ 163,783
Protection services	358,575	727,435
Transportation services	3,990,499	3,970,691
Environmental services - waste sites	439,697	387,820
Environmental services - water	1,287,376	1,145,383
Environmental services - sewage	2,000	2,000
Recreation services	<u>317,616</u>	<u>290,286</u>
Total	<u>\$ 6,570,850</u>	<u>\$ 6,687,398</u>

(See accompanying notes)



INDEPENDENT AUDITOR'S REPORT

To the Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Township of Killaloe, Hagarty and Richards.

We have audited the accompanying financial statements of the trust fund of the Corporation of the Township of Killaloe, Hagarty and Richards, which comprise the statement of financial position as at 31 December 2015, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust fund of the Corporation of the Township of Killaloe, Hagarty and Richards as at 31 December 2015, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.

*Mackillican & Associates*

RENFREW, Ontario.  
15 March 2016.

**Chartered Professional Accountants,  
Licensed Public Accountants.**

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Financial Position

As at 31 December 2015  
(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
	<u>ASSET</u>	
Loan receivable (Note 2)	\$ <u>2,410</u>	\$ <u>2,410</u>
	<u>FUND BALANCE</u>	
Fund balance	\$ <u>2,410</u>	\$ <u>2,410</u>

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Operations

For the year ended 31 December 2015  
(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Balance at the beginning of the year	\$ <u>2,410</u>	\$ <u>2,410</u>
Expenses:		
Administration	\$ -	\$ -
Repayment to the Province of Ontario	<u>-</u>	<u>-</u>
	\$ -	\$ -
Balance at the end of the year	\$ <u>2,410</u>	\$ <u>2,410</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Trust Fund

Notes to the Financial Statements

For the year ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES

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 the receipt of goods or services and the creation of a legal obligation to pay.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

2. ONTARIO HOME RENEWAL PROGRAM

Ontario Home Renewal Program loan receivable at 31 December 2015 comprise repayable loan of \$ 1,560 (2014 - \$ 1,560) and forgivable loan of \$ 850 (2014 - \$ 850). Loan forgiveness is earned and recorded at a rate of up to \$ 600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

In 1993, the Ministry of Housing announced that the Ontario Home Renewal Program was being discontinued and that all cash funds on hand at the end of each year are to be returned to the Province by 1 March of the next year. For the year ended 31 December 2015, there is no amount to be returned to the Province.



**MAC KILLICAN  
& ASSOCIATES**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board Members,  
Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Township of Killaloe, Hagarty and Richards.

We have audited the accompanying financial statements of the Village of Killaloe Recreation Committee which comprise the statement of financial position as at 31 December 2015, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a qualified basis for our audit opinion.

*Basis for Qualified Opinion*

In common with many recreation committees, the organization derives revenue from fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Village of Killaloe Recreation Committee and we were not able to determine whether any adjustments might be necessary to fundraising activities, asset and accumulated surplus.

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Village of Killaloe Recreation Committee as at 31 December 2015, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.

*MacKilligan & Associates*

RENFREW, Ontario.  
15 March 2016.

**Chartered Professional Accountants,**  
Licensed Public Accountants.



Village of Killaloe Recreation Committee

Statement of Financial Position

As at 31 December 2015  
(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
	<u>ASSET</u>	
Cash in bank	\$ <u>11,375</u>	\$ <u>8,683</u>
	<u>ACCUMULATED SURPLUS</u>	
Accumulated surplus	\$ <u>11,375</u>	\$ <u>8,683</u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Statement of Operations

For the year ended 31 December 2015  
(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Revenue:		
Fundraising	\$ 9,907	\$ 7,534
Interest	<u>81</u>	<u>77</u>
	<u>\$ 9,988</u>	<u>\$ 7,611</u>
Expenses:		
Fundraising	<u>\$ 7,296</u>	<u>\$ 5,676</u>
Excess of revenue over expenses	\$ 2,692	\$ 1,935
Accumulated surplus at the beginning of the year	<u>8,683</u>	<u>6,748</u>
Accumulated surplus at the end of the year	<u><u>\$ 11,375</u></u>	<u><u>\$ 8,683</u></u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Killaloe Recreation Committee are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

(e) Investment Income

Investment income earned on current funds are reported as revenue in the period earned.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash in bank. Unless otherwise noted, it is management's opinion that the Committee is not exposed to significant interest, currency or credit risks arising from the financial instruments. The carrying amounts reported on the statement of financial position for cash in bank, approximates the fair value, due to the immediate and short term maturity of the financial instruments.

3. CONTINGENT LIABILITIES

The nature of Committee activities is such that there may be litigation pending or in prospect at any time. The Committee is not aware of any claims or possible claims as at 31 December 2015.



**MACKILLICAN  
& ASSOCIATES**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board Members,  
Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Township of Killaloe, Hagarty and Richards.

We have audited the accompanying financial statements of the Killaloe & District Public Library Board which comprise the statement of financial position as at 31 December 2015, the statement of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a qualified basis for our audit opinion.

*Basis for Qualified Opinion*

In common with many library boards, the organization derives revenue from fines, donations, fundraising and sundry, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Killaloe & District Public Library Board and we were not able to determine whether any adjustments might be necessary to fines, donations, fundraising and sundry, assets and accumulated surplus.

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Killaloe & District Public Library Board as at 31 December 2015, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.

*Mackillican & Associates*

RENFREW, Ontario.

15 March 2016.

**Chartered Professional Accountants,**

Licensed Public Accountants.

Killaloe & District Public Library Board

Statement of Financial Position

As at 31 December 2015

(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 28,712	\$ 23,062
Accounts receivable	202	
Due from Canada	2,162	1,780
Due from Ontario - SOLS Connectivity	283	438
Due from Canada - Youth Intern Program	<u>1,446</u>	<u>845</u>
	<u>\$ 32,805</u>	<u>\$ 26,125</u>
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
Liabilities:		
Accounts payable	\$ 2,200	\$ 2,200
Due to Canada	<u>281</u>	<u>          </u>
	\$ 2,481	\$ 2,200
Accumulated surplus	<u>30,324</u>	<u>23,925</u>
	<u>\$ 32,805</u>	<u>\$ 26,125</u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Operations

For the year ended 31 December 2015

(with 2015 budget and 2014 actual figures for comparison)

	<u>2015</u> <u>Budget</u>	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
Accumulated surplus at the beginning of the year	\$ <u>23,925</u>	\$ <u>23,925</u>	\$ <u>16,652</u>
Revenue:			
Canada grants - Summer Jobs Service Grant	\$ 1,539	\$ 1,320	\$ 1,502
Province of Ontario grants - Ontario Library	6,824	6,824	6,824
- Pay Equity Grant	1,312	1,312	1,312
- Youth Internship Grant	3,673	7,408	4,266
- Connectivity Grant	1,000	1,127	1,189
- Capacity Building Grant	4,172	7,611	
Services sold to other library boards	4,648	4,648	4,648
Fines, donations, fundraising and sundry	<u>9,800</u>	<u>14,878</u>	<u>14,968</u>
	<u>\$ 32,968</u>	<u>\$ 45,128</u>	<u>\$ 34,709</u>
Expenses:			
Advertising	\$ 750	\$ 753	\$ 648
Audit and legal	3,154	3,256	4,427
Books	10,100	9,905	10,439
Capacity Building Fund	4,172	4,897	
Connectivity - SOLS	1,000	1,003	833
Insurance	3,390	3,505	3,390
Licenses	260	260	310
New Horizons wages	928	928	
Postage and office	1,275	1,628	1,478
Programs and sundry	1,400	1,575	2,720
Summer Jobs Service Grant	1,539	1,320	1,502
Supplies and furniture	4,000	7,048	4,575
Training and development	2,000	1,559	1,296
Wages	60,000	58,445	116,080
Youth Internship Grant	<u>3,673</u>	<u>7,408</u>	<u>4,266</u>
	<u>\$ 97,641</u>	<u>\$ 103,490</u>	<u>\$ 151,964</u>
Shortfall of revenue over expenses before transfers	\$ (64,673)	\$ (58,362)	\$ (117,255)
Transfers:			
Transfers from general fund	<u>64,673</u>	<u>64,761</u>	<u>124,528</u>
Excess of revenue over expenses for the year	\$ -	\$ 6,399	\$ 7,273
Accumulated surplus at the end of the year	<u>\$ 23,925</u>	<u>\$ 30,324</u>	<u>\$ 23,925</u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Cash Flows

For the year ended 31 December 2015  
(with 2014 figures for comparison)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Excess of revenue over expenses for the year	\$ <u>6,399</u>	\$ <u>7,273</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in accounts receivable	\$ (202)	\$ (168)
- decrease (increase) in due from Canada	(382)	
- decrease (increase) in due from Ontario - SOLS Connectivity	155	(66)
- decrease (increase) in due from Canada - Youth Intern Program	(601)	
- increase (decrease) in due to Canada	<u>281</u>	
	<u>\$ (749)</u>	<u>\$ (234)</u>
Cash flows from operating activities	<u>\$ 5,650</u>	<u>\$ 7,039</u>
Increase in cash and cash equivalents during the year	\$ 5,650	\$ 7,039
Cash and cash equivalents at the beginning of the year	<u>23,062</u>	<u>16,023</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 28,712</u></u>	<u><u>\$ 23,062</u></u>

(See accompanying notes)

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Killaloe & District Public Library Board are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, accounts receivable, due from Canada, due from Ontario and accounts payable. Unless otherwise noted, it is management's opinion that the Library Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash on hand and in bank, accounts receivable, due from Canada, due from Ontario, and accounts payable, approximates their fair values, due to the immediate and short term maturities of these financial instruments.



Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2015

3. CONTINGENT LIABILITIES

The nature of Board activities is such that there may be litigation pending or in prospect at any time. The Library Board is not aware of any claims or possible claims as at 31 December 2015.

4. BUDGET

The operating budget for 2015 is approved by the Killaloe & District Public Library Board. The Board does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. The budget is not audited.