

Township of Killaloe, Hagarty and Richards

Financial Report

For the year ended 31 December 2012

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

252 Raglan Street S.  
Renfrew, OntarioINDEPENDENT AUDITORS' 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 2012, 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.

*Auditors' Responsibility*

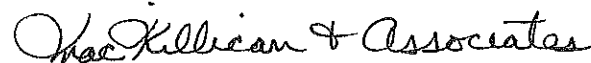
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 2012, 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.

RENFREW, Ontario.  
6 March 2013.Chartered Accountants,  
Licensed Public Accountants.

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Financial Position

As at 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Financial assets:		
Cash and cash equivalents	\$ 1,915,913	\$ 2,138,325
Taxes receivable	624,937	569,920
Accounts receivable	524,256	263,070
Investment in Ottawa River Power Corporation (Note 5)	<u>358,895</u>	<u>358,895</u>
	<u>\$ 3,424,001</u>	<u>\$ 3,330,210</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 171,457	\$ 189,543
Deferred revenue - obligatory reserve funds (Note 7)	120,769	144,934
Landfill closure and post closure costs (Note 8)	<u>352,300</u>	<u>352,300</u>
	<u>\$ 644,526</u>	<u>\$ 686,777</u>
Net financial assets	<u>\$ 2,779,475</u>	<u>\$ 2,643,433</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 7,298,356	\$ 7,728,817
Inventories of supplies	<u>41,078</u>	<u>35,281</u>
	<u>\$ 7,339,434</u>	<u>\$ 7,764,098</u>
Accumulated surplus	<u>\$ 10,118,909</u>	<u>\$ 10,407,531</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets	\$ 7,298,356	\$ 7,728,817
Discretionary reserve fund	99,239	85,066
Reserves	3,004,051	2,868,582
General	51,612	51,206
Water fund operations	(1,691)	(2,051)
Killaloe & District Public Library Board	14,738	24,060
Village of Killaloe Recreation Committee	4,904	4,151
Unfunded - landfill closure and post closure costs (Note 3)	<u>(352,300)</u>	<u>(352,300)</u>
Total accumulated surplus	<u>\$ 10,118,909</u>	<u>\$ 10,407,531</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Operations  
For the year ended 31 December 2012  
(with 2012 budget and 2011 actual figures for comparison)

	<u>2012</u> <u>Budget</u>	<u>2012</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 2,241,714	\$ 2,284,510	\$ 2,075,419
Government transfers:			
Ontario	881,323	785,782	762,868
Canada	137,102	104,646	80,600
Other municipalities	10,387	11,475	11,987
Other	<u>316,550</u>	<u>304,309</u>	<u>298,413</u>
	<u>\$ 3,587,076</u>	<u>\$ 3,490,722</u>	<u>\$ 3,229,287</u>
Expenses:			
General government	\$ 596,270	\$ 619,603	\$ 630,628
Protection to persons and property	798,476	770,957	648,613
Transportation services	1,762,319	1,327,315	1,328,498
Environmental services	857,702	828,280	755,311
Health services	21,000	21,000	21,000
Recreation and cultural services	202,799	205,772	194,839
Planning and development	<u>6,800</u>	<u>6,417</u>	<u>6,778</u>
	<u>\$ 4,245,366</u>	<u>\$ 3,779,344</u>	<u>\$ 3,585,667</u>
Shortfall of revenue over expenses	\$ (658,290)	\$ (288,622)	\$ (356,380)
Accumulated surplus at the beginning of the year	<u>10,407,531</u>	<u>10,407,531</u>	<u>10,763,911</u>
Accumulated surplus at the end of the year	<u>\$ 9,749,241</u>	<u>\$ 10,118,909</u>	<u>\$ 10,407,531</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Changes in Net Financial Assets  
For the year ended 31 December 2012  
(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Shortfall of revenue over expenses	\$ (288,622)	\$ (356,380)
Amortization of tangible capital assets	797,980	795,466
Acquisition of tangible capital assets	(367,519)	(173,640)
Use of (acquisition of) inventory	<u>(5,797)</u>	<u>(1,253)</u>
Increase in net financial assets	\$ 136,042	\$ 264,193
Net financial assets, beginning of year	<u>2,643,433</u>	<u>2,379,240</u>
Net financial assets, end of year	<u>\$ 2,779,475</u>	<u>\$ 2,643,433</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Shortfall of revenue over expenses	\$ (288,622)	\$ (356,380)
Add amortization which does not involve cash	<u>797,980</u>	<u>795,466</u>
	\$ <u>509,358</u>	\$ <u>439,086</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (55,017)	\$ (73,067)
- decrease (increase) in accounts receivable	(261,186)	(58,024)
- decrease (increase) in inventory	(5,797)	(1,253)
- increase (decrease) in accounts payable and accrued liabilities	(18,086)	16,231
- increase (decrease) in deferred revenue	<u>(24,165)</u>	<u>39,847</u>
	\$ <u>(364,251)</u>	\$ <u>(76,266)</u>
Cash flows from operating activities	\$ <u>145,107</u>	\$ <u>362,820</u>
Cash flows used for investing activities:		
Additions to tangible capital assets:		
Protection to persons and property	\$ (12,211)	\$ (115,144)
Transportation services	(184,170)	(58,496)
Environmental services	<u>(171,138)</u>	<u>                    </u>
Cash flows used for investing activities	\$ <u>(367,519)</u>	\$ <u>(173,640)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ (222,412)	\$ 189,180
Cash and cash equivalents at the beginning of the year	<u>2,138,325</u>	<u>1,949,145</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,915,913</u>	<u>\$ 2,138,325</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2012

## 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 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 is 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 Financial Statements

For the year ended 31 December 2012

(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.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(e) 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 Financial Statements

For the year ended 31 December 2012

(f) 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.

(g) 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.

(h) 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.

(i) 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.

## 2. FINANCIAL INSTRUMENTS

Financial instruments include cash, taxes receivable, accounts receivable, investment in Ottawa River Power Corporation 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, taxes receivable, 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 (2011 - \$ 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 Financial Statements

For the year ended 31 December 2012

5. INVESTMENT IN OTTAWA RIVER POWER CORPORATION

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

179 Common shares of Ottawa River Power Corporation	\$	179,000
179 Common shares of Ottawa River Solutions Inc.		895
7.25% Promissory Note from Ottawa River Power Corporation		<u>179,000</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	\$ 681,017	\$ 1,044,524
Payments in lieu	<u>284</u>	<u>31,577</u>
	<u>\$ 681,301</u>	<u>\$ 1,076,101</u>

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting standards of the Canadian Institute of Chartered 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>2012</u>	<u>2011</u>
Ontario Clean Water Agency		\$ 8,334
Shoreline	\$ 3,957	3,032
Gasoline Tax - Federal	<u>116,812</u>	<u>133,568</u>
	<u>\$ 120,769</u>	<u>\$ 144,934</u>

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

	<u>2012</u>	<u>2011</u>
Balance at the beginning of the year	\$ 144,934	\$ 105,087
Gas tax revenue received	78,221	78,221
Sale of shoreline	925	
Frontage fees		1,010
Interest earned	<u>31</u>	
	<u>\$ 224,111</u>	<u>\$ 184,318</u>
Used to purchase tangible capital assets	\$ (94,977)	\$ (39,384)
Transfer to General Fund	<u>(8,365)</u>	
	<u>\$ (103,342)</u>	<u>\$ (39,384)</u>
Balance at the end of the year	<u>\$ 120,769</u>	<u>\$ 144,934</u>

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2012

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. The reported liability is based on estimates and assumptions with respect to events extending over a ten year 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.

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 2012.

10. BUDGET FIGURES

The operating budget approved by the Township of Killaloe, Hagarty and Richards for 2012 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.

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 2012.

(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 2012 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 financial statement presentation.

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2012

13. EXPENDITURES BY OBJECT

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

	<u>2012</u>	<u>2011</u>
Salaries, wages and employee benefits	\$ 1,055,228	\$ 968,129
Operating materials and supplies	1,219,683	1,270,643
Contracted services	682,848	529,165
External transfers	23,605	22,264
Amortization	<u>797,980</u>	<u>795,466</u>
Total expenditures by object	<u>\$ 3,779,344</u>	<u>\$ 3,585,667</u>

Township of Killaloe, Hagarty and Richards  
Schedule of General Operations  
For the year ended 31 December 2012  
(with 2012 budget and 2011 actual figures for comparison)

	<u>2012</u> <u>Budget</u>	<u>2012</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 1,985,377	\$ 2,005,917	\$ 1,800,763
Government transfers:			
Ontario	862,779	767,378	742,573
Canada	135,563	103,107	79,061
Other municipalities	6,239	6,327	7,839
Other	<u>303,250</u>	<u>291,134</u>	<u>279,576</u>
	<u>\$ 3,293,208</u>	<u>\$ 3,173,863</u>	<u>\$ 2,909,812</u>
Expenses:			
General government	\$ 596,270	\$ 619,603	\$ 630,628
Protection to persons and property	798,476	770,957	648,613
Transportation services	1,762,319	1,327,315	1,328,498
Environmental services	601,365	556,553	494,230
Health services	21,000	21,000	21,000
Recreation and cultural services	129,497	131,072	126,519
Planning and development	<u>6,800</u>	<u>6,417</u>	<u>6,778</u>
	<u>\$ 3,915,727</u>	<u>\$ 3,432,917</u>	<u>\$ 3,256,266</u>
Shortfall of revenue over expenses	<u>\$ (622,519)</u>	<u>\$ (259,054)</u>	<u>\$ (346,454)</u>
Transfers:			
Transfer to library	\$ (30,000)	\$ (27,865)	\$ (30,790)
Transfer to discretionary reserve fund		(14,173)	(18,614)
Transfer from (to) reserves	510,534	(128,963)	(226,124)
Transfer from equity in tangible capital assets	<u>90,779</u>	<u>430,461</u>	<u>621,826</u>
Net transfers	<u>\$ 571,313</u>	<u>\$ 259,460</u>	<u>\$ 346,298</u>
Change in general surplus (deficit) for the year	\$ (51,206)	\$ 406	\$ (156)
General surplus at the beginning of the year	<u>51,206</u>	<u>51,206</u>	<u>51,362</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 51,612</u>	<u>\$ 51,206</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Revenue:		
User charges	\$ <u>128,644</u>	\$ <u>126,600</u>
Expenses:		
Ontario Clean Water Agency billings	\$ 114,860	\$ 102,842
Hydro	<u>13,424</u>	<u>13,988</u>
	<u>\$ 128,284</u>	<u>\$ 116,830</u>
Excess of revenue over expenses	\$ 360	\$ 9,770
Water fund deficit at the beginning of the year	<u>(2,051)</u>	<u>(11,821)</u>
Water fund deficit at the end of the year	<u>\$ (1,691)</u>	<u>\$ (2,051)</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Revenue:		
User charges	\$ <u>149,949</u>	\$ <u>148,056</u>
Expenses:		
Grant in lieu	\$ 836	\$ 864
Hydro	23,625	21,825
Materials	9,489	23,083
Ontario Clean Water Agency billings	109,493	98,036
Wages	<u>          </u>	<u>443</u>
	<u>\$ 143,443</u>	<u>\$ 144,251</u>
Excess of revenue over expenses	\$ 6,506	\$ 3,805
Financing and transfers:		
Transfer to reserves	<u>(6,506)</u>	<u>(3,805)</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>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2012  
(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Contributions:		
From operations	\$ <u>280,789</u>	\$ <u>362,543</u>
Transfers:		
Transfer to operations	\$ 5,420	
Transfer to tangible capital asset acquisitions	<u>125,727</u>	\$ <u>114,000</u>
	\$ <u>131,147</u>	\$ <u>114,000</u>
Change in reserves and reserve funds balance	\$ 149,642	\$ 248,543
Reserves and reserve funds at the beginning of the year	<u>2,953,648</u>	<u>2,705,105</u>
Reserves and reserve funds at the end of the year	<u>\$ 3,103,290</u>	<u>\$ 2,953,648</u>
Reserves:		
Working funds	\$ 1,505,003	\$ 1,281,383
Protection services	26,789	26,789
Roadways	511,157	511,157
Wastewater system	18,906	12,400
Waterworks system	21,290	12,925
Solid waste disposal	504,759	607,781
Hydro Reserve Killaloe	<u>416,147</u>	<u>416,147</u>
Total reserves	\$ 3,004,051	\$ 2,868,582
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>99,239</u>	<u>85,066</u>
Total reserves and reserve funds	<u>\$ 3,103,290</u>	<u>\$ 2,953,648</u>

(See accompanying notes)



## Township of Killaloe, Hagarty and Richards

## Schedule of Tangible Capital Assets

As at 31 December 2012  
(with 2011 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2011</u>	<u>Additions</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2012</u>
Land	\$ 342,666		\$ -	\$ 342,666
Land improvements	245,016			245,016
Buildings	4,122,874			4,122,874
Machinery and equipment	304,500	\$ 12,211		316,711
Vehicles	2,173,025	34,601		2,207,626
Linear assets	18,902,481	149,569		19,052,050
Capital work in progress	-	171,138		171,138
Total	<u>\$ 26,090,562</u>	<u>\$ 367,519</u>	<u>\$ -</u>	<u>\$ 26,458,081</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2011</u>	<u>Amortization</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2012</u>
Land	\$ 63,081	\$ 8,710	\$ -	\$ 71,791
Land improvements	189,958	5,223		195,181
Buildings	3,029,831	98,130		3,127,961
Machinery and equipment	211,950	22,196		234,146
Vehicles	1,297,402	142,762		1,440,164
Linear assets	13,569,523	520,959		14,090,482
Total	<u>\$ 18,361,745</u>	<u>\$ 797,980</u>	<u>\$ -</u>	<u>\$ 19,159,725</u>

<u>Net book value</u>	Balance at 31 December <u>2011</u>	Balance at 31 December <u>2012</u>
Land	\$ 279,585	\$ 270,875
Land improvements	55,058	49,835
Buildings	1,093,043	994,913
Machinery and equipment	92,550	82,565
Vehicles	875,623	767,462
Linear assets	5,332,958	4,961,568
Capital work in progress		171,138
Total	<u>\$ 7,728,817</u>	<u>\$ 7,298,356</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

As at 31 December 2012  
(with 2011 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2011</u>	<u>Additions</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2012</u>
General government	\$ 509,327			\$ 509,327
Protection services	1,035,238	\$ 12,211	\$ 32,436	1,079,885
Transportation services	17,597,360	184,170	(32,436)	17,749,094
Environmental services - waste sites	346,511	103,022		449,533
Environmental services - water	3,564,486	68,116		3,632,602
Environmental services - sewage	2,237,101			2,237,101
Recreation services	<u>800,539</u>			<u>800,539</u>
<b>Total</b>	<b>\$ <u>26,090,562</u></b>	<b>\$ <u>367,519</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>26,458,081</u></b>

<u>Accumulated amortization</u>	Balance at 31 December <u>2011</u>	<u>Amortization</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2012</u>
General government	\$ 278,778	\$ 25,399		\$ 304,177
Protection services	637,167	56,183	\$ 18,535	711,885
Transportation services	12,488,915	548,299	(18,535)	13,018,679
Environmental services - waste sites	206,547	19,545		226,092
Environmental services - water	2,117,092	119,830		2,236,922
Environmental services - sewage	2,235,101			2,235,101
Recreation services	<u>398,145</u>	<u>28,724</u>		<u>426,869</u>
<b>Total</b>	<b>\$ <u>18,361,745</u></b>	<b>\$ <u>797,980</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>19,159,725</u></b>

<u>Net book value</u>	Balance at 31 December <u>2011</u>	Balance at 31 December <u>2012</u>
General government	\$ 230,549	\$ 205,150
Protection services	398,071	368,000
Transportation services	5,108,445	4,730,415
Environmental services - waste sites	139,964	223,441
Environmental services - water	1,447,394	1,395,680
Environmental services - sewage	2,000	2,000
Recreation services	<u>402,394</u>	<u>373,670</u>
<b>Total</b>	<b>\$ <u>7,728,817</u></b>	<b>\$ <u>7,298,356</u></b>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

**MACKILLCAN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

252 Raglan Street S.  
Renfrew, Ontario

INDEPENDENT AUDITORS' 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 2012, 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 2012, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for local governments.



RENFREW, Ontario.  
6 March 2013.

**Chartered Accountants,**  
Licensed Public Accountants.

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Financial Position

As at 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Loans receivable (Note 2)	\$ 2,410	\$ 2,410
Due from Municipality	<u>          </u>	<u>1,162</u>
	<u>\$ 2,410</u>	<u>\$ 3,572</u>
 <u>LIABILITY AND FUND BALANCE</u>		
Due to Province		\$ 1,162
Fund balance	<u>\$ 2,410</u>	<u>2,410</u>
	<u>\$ 2,410</u>	<u>\$ 3,572</u>

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Operations

For the year ended 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Balance at the beginning of the year	\$ <u>2,410</u>	\$ <u>3,633</u>
Expenses:		
Administration	\$ -	\$ 61
Repayment to the Province of Ontario	<u>          </u>	<u>1,162</u>
	<u>\$ -</u>	<u>\$ 1,223</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 2012

1. 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.

2. ONTARIO HOME RENEWAL PROGRAM

Ontario Home Renewal Program loans receivable at 31 December 2012 comprise repayable loans of \$ 1,560 (2011 - \$ 1,560) and forgivable loans of \$ 850 (2011 - \$ 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 2012, there is no amount to be returned to the Province.

**MACKILLICAN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

252 Raglan Street S.  
Renfrew, Ontario

INDEPENDENT AUDITORS' 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 2012, 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 2012, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for local governments.

*Mack Killicain & Associates*

RENFREW, Ontario.  
6 March 2013.

Chartered Accountants,  
Licensed Public Accountants.

Village of Killaloe Recreation Committee

Statement of Financial Position

As at 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
	<u>ASSET</u>	
Cash in bank	\$ <u>4,904</u>	\$ <u>4,151</u>
	<u>ACCUMULATED SURPLUS</u>	
Accumulated surplus	\$ <u>4,904</u>	\$ <u>4,151</u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Statement of Operations

For the year ended 31 December 2012  
(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
Revenue:		
Fundraising	\$ 4,227	\$ 3,995
Interest	<u>46</u>	<u>42</u>
	<u>\$ 4,273</u>	<u>\$ 4,037</u>
Expenses:		
Fundraising	<u>\$ 3,520</u>	<u>\$ 3,520</u>
Excess of revenue over expenses	\$ 753	\$ 517
Accumulated surplus at the beginning of the year	<u>4,151</u>	<u>3,634</u>
Accumulated surplus at the end of the year	<u><u>\$ 4,904</u></u>	<u><u>\$ 4,151</u></u>

(See accompanying notes)



Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2012

## 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 Accountants.

### (a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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.

## 2. FINANCIAL INSTRUMENT

Financial instrument includes 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 instrument. 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 instrument.

## 3. CONTINGENT LIABILITIES

The nature of municipal 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 2012.

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

252 Raglan Street S.  
Renfrew, OntarioINDEPENDENT AUDITORS' 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 2012, 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.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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.

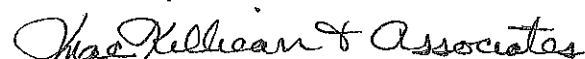
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a qualified basis for our audit opinion.

*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 2012, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for local governments.



RENFREW, Ontario.  
6 March 2013.

**Chartered Accountants,  
Licensed Public Accountants.**

Killaloe & District Public Library Board

Statement of Financial Position

As at 31 December 2012

(with 2011 figures for comparison)

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 3,728	\$ 23,289
Due from Canada	1,651	1,536
Due from Ontario	9,703	1,335
Due from other Municipality	<u>1,856</u>	<u>          </u>
	<u>\$ 16,938</u>	<u>\$ 26,160</u>
 <u>LIABILITY AND ACCUMULATED SURPLUS</u>		
Liability:		
Accounts payable	\$ 2,200	\$ 2,100
Accumulated surplus	<u>14,738</u>	<u>24,060</u>
	<u>\$ 16,938</u>	<u>\$ 26,160</u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Operations

For the year ended 31 December 2012

(with 2012 budget and 2011 actual figures for comparison)

	2012 <u>Budget</u>	2012 <u>Actual</u>	2011 <u>Actual</u>
Accumulated surplus at the beginning of the year	\$ <u>24,060</u>	\$ <u>24,060</u>	\$ <u>17,288</u>
Revenue:			
Canada grants - Summer Jobs Service Grant	\$ 1,539	\$ 1,539	\$ 1,539
Province of Ontario grants - Ontario Library	6,824	6,824	6,824
- Pay Equity Grant	1,312	1,312	1,312
- Sustainability Grant	3,558	3,558	3,558
- Youth Internship Grant	5,495	5,528	4,373
- Investment Grant			76
- Connectivity Grant	1,355	1,182	1,152
- Capacity Building Grant			3,000
Services sold to other library boards	4,148	5,148	4,148
Fines, donations, fundraising and sundry	<u>9,100</u>	<u>8,902</u>	<u>14,800</u>
	\$ <u>33,331</u>	\$ <u>33,993</u>	\$ <u>40,782</u>
Expenses:			
Advertising	\$ 1,000	\$ 660	\$ 739
Audit and legal	2,350	2,100	4,294
Books	8,600	10,656	9,158
Donation to Library Building Committee		6,311	
Insurance	3,855	3,178	3,855
Postage and office	2,000	1,806	1,794
Programs and sundry	1,800	1,422	2,441
Summer Jobs Service Grant	1,539	1,539	
Supplies and furniture	1,905	2,492	2,701
Sustainability grant expenses	3,558	2,049	3,680
Training and development	2,000	1,709	
Wages	35,000	31,730	36,138
Youth Internship Grant	<u>5,495</u>	<u>5,528</u>	
	\$ <u>69,102</u>	\$ <u>71,180</u>	\$ <u>64,800</u>
Shortfall of revenue over expenses	\$ (35,771)	\$ (37,187)	\$ (24,018)
Transfers:			
Transfers from general fund	<u>30,000</u>	<u>27,865</u>	<u>30,790</u>
Change in library surplus (deficit) for the year	\$ <u>(5,771)</u>	\$ <u>(9,322)</u>	\$ <u>6,772</u>
Accumulated surplus at the end of the year	\$ <u>18,289</u>	\$ <u>14,738</u>	\$ <u>24,060</u>

(See accompanying notes)

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2012

## 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 Accountants.

### (a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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.

## 2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, due from Canada, due from Ontario, due from other Municipality 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, due from Canada, due from Ontario, due from other Municipality and accounts payable, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

## 3. CONTINGENT LIABILITIES

The nature of municipal 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 2012.