

Township of Killaloe, Hagarty and Richards

Financial Report

For the year ended 31 December 2011

MACKILICAN & 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 2011, 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

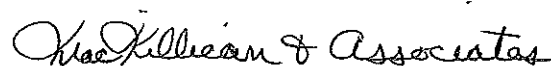
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 2011, 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.
21 February 2012.Chartered Accountants,
Licensed Public Accountants.

Township of Killaloe, Hagarty and Richards
Consolidated Statement of Financial Position
As at 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Financial assets:		
Cash and cash equivalents	\$ 2,138,325	\$ 1,949,145
Taxes receivable	569,920	496,853
Accounts receivable	263,070	205,046
Investment in Ottawa River Power Corporation (Note 5)	<u>358,895</u>	<u>358,895</u>
	<u>\$ 3,330,210</u>	<u>\$ 3,009,939</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 189,543	\$ 173,312
Deferred revenue - obligatory reserve funds (Note 7)	144,934	105,087
Landfill closure and post closure costs (Note 8)	<u>352,300</u>	<u>352,300</u>
	<u>\$ 686,777</u>	<u>\$ 630,699</u>
Net financial assets	<u>\$ 2,643,433</u>	<u>\$ 2,379,240</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 7,728,817	\$ 8,350,643
Inventories of supplies	<u>35,281</u>	<u>34,028</u>
	<u>\$ 7,764,098</u>	<u>\$ 8,384,671</u>
Accumulated surplus	<u>\$ 10,407,531</u>	<u>\$ 10,763,911</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets	\$ 7,728,817	\$ 8,350,643
Discretionary reserve fund	85,066	66,452
Reserves	2,868,582	2,638,653
General	51,206	51,362
Water fund operations	(2,051)	(11,821)
Killaloe & District Public Library Board	24,060	17,288
Village of Killaloe Recreation Committee	4,151	3,634
Unfunded - landfill closure and post closure costs (Note 3)	<u>(352,300)</u>	<u>(352,300)</u>
Total accumulated surplus	<u>\$ 10,407,531</u>	<u>\$ 10,763,911</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards
Consolidated Statement of Operations
For the year ended 31 December 2011
(with 2011 budget and 2010 actual figures for comparison)

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 2,046,297	\$ 2,075,419	\$ 1,847,358
Government transfers:			
Ontario	905,365	762,868	859,140
Canada	108,458	80,600	124,384
Other municipalities	1,239	11,987	5,387
Other	<u>290,762</u>	<u>298,413</u>	<u>279,736</u>
	<u>\$ 3,352,121</u>	<u>\$ 3,229,287</u>	<u>\$ 3,116,005</u>
Expenses:			
General government	\$ 646,379	\$ 630,628	\$ 552,114
Protection to persons and property	621,574	648,613	508,081
Transportation services	1,556,149	1,328,498	1,286,824
Environmental services	882,657	755,311	872,796
Health services	21,000	21,000	21,000
Recreation and cultural services	186,731	194,839	142,727
Planning and development	<u>11,150</u>	<u>6,778</u>	<u>6,794</u>
	<u>\$ 3,925,640</u>	<u>\$ 3,585,667</u>	<u>\$ 3,390,336</u>
Shortfall of revenue over expenses	\$ (573,519)	\$ (356,380)	\$ (274,331)
Accumulated surplus at the beginning of the year	<u>10,763,911</u>	<u>10,763,911</u>	<u>11,038,242</u>
Accumulated surplus at the end of the year	<u>\$ 10,190,392</u>	<u>\$ 10,407,531</u>	<u>\$ 10,763,911</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards
Consolidated Statement of Changes in Net Financial Assets
For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Shortfall of revenue over expenses	\$ (356,380)	\$ (274,331)
Amortization of tangible capital assets	795,466	774,528
Acquisition of tangible capital assets	(173,640)	(188,480)
Use of (acquisition of) inventory	<u>(1,253)</u>	<u>11,142</u>
Increase in net financial assets	\$ 264,193	\$ 322,859
Net financial assets, beginning of year	<u>2,379,240</u>	<u>2,056,381</u>
Net financial assets, end of year	<u>\$ 2,643,433</u>	<u>\$ 2,379,240</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Shortfall of revenue over expenses	\$ (356,380)	\$ (274,331)
Add amortization which does not involve cash	<u>795,466</u>	<u>774,528</u>
	<u>\$ 439,086</u>	<u>\$ 500,197</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (73,067)	\$ (27,275)
- decrease (increase) in accounts receivable	(58,024)	(17,304)
- decrease (increase) in inventory	(1,253)	11,142
- increase (decrease) in accounts payable and accrued liabilities	16,231	(22,055)
- increase (decrease) in deferred revenue	<u>39,847</u>	<u>(63,731)</u>
	<u>\$ (76,266)</u>	<u>\$ (119,223)</u>
Cash flows from operating activities	<u>\$ 362,820</u>	<u>\$ 380,974</u>
Cash flows used for investing activities:		
Additions to tangible capital assets:		
Protection to persons and property	\$ (115,144)	
Transportation services	(58,496)	\$ (140,630)
Recreation and cultural services	<u> </u>	<u>(47,850)</u>
Cash flows used for investing activities	<u>\$ (173,640)</u>	<u>\$ (188,480)</u>
Increase in cash and cash equivalents during the year	\$ 189,180	\$ 192,494
Cash and cash equivalents at the beginning of the year	<u>1,949,145</u>	<u>1,756,651</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,138,325</u>	<u>\$ 1,949,145</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2011

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 principles 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 2011

(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 2011

(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 generally accepted accounting principles 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 revenues and expenditures 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, accounts payable and accrued liabilities and deferred revenue. 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 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 (2010 - \$ 3,633) 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 2011

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	\$ 654,926	\$ 1,001,467
Payments in lieu	<u>281</u>	<u>31,476</u>
	<u>\$ 655,207</u>	<u>\$ 1,032,943</u>

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles 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>2011</u>	<u>2010</u>
Ontario Clean Water Agency	\$ 8,334	\$ 7,324
Shoreline	3,032	3,032
Gasoline Tax - Federal	<u>133,568</u>	<u>94,731</u>
	<u>\$ 144,934</u>	<u>\$ 105,087</u>

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

	<u>2011</u>	<u>2010</u>
Balance at the beginning of the year	\$ 105,087	\$ 134,826
Gas tax revenue received	78,221	78,481
Frontage fees	<u>1,010</u>	<u>1,028</u>
	\$ 184,318	\$ 214,335
Used to purchase tangible capital assets	<u>(39,384)</u>	<u>(109,248)</u>
Balance at the end of the year	<u>\$ 144,934</u>	<u>\$ 105,087</u>

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2011

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 2011.

10. BUDGET FIGURES

The operating budget approved by the Township of Killaloe, Hagarty and Richards for 2011 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 2011.

(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 2011 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 RichardsNotes to the Financial StatementsFor the year ended 31 December 2011

13. EXPENDITURES BY OBJECT

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

	<u>2011</u>	<u>2010</u>
Salaries, wages and employee benefits	\$ 968,129	\$ 853,369
Operating materials and supplies	1,270,643	1,191,208
Contracted services	529,165	548,122
External transfers	22,264	23,110
Amortization	<u>795,466</u>	<u>774,527</u>
Total expenditures by object	<u>\$ 3,585,667</u>	<u>\$ 3,390,336</u>

Township of Killaloe, Hagarty and Richards
Schedule of General Operations
For the year ended 31 December 2011
(with 2011 budget and 2010 actual figures for comparison)

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 1,791,674	\$ 1,800,763	\$ 1,582,126
Government transfers:			
Ontario	886,879	742,573	830,853
Canada	106,634	79,061	122,537
Other municipalities	1,239	7,839	1,239
Other	<u>276,614</u>	<u>279,576</u>	<u>264,299</u>
	<u>\$ 3,063,040</u>	<u>\$ 2,909,812</u>	<u>\$ 2,801,054</u>
Expenses:			
General government	\$ 646,379	\$ 630,628	\$ 552,114
Protection to persons and property	621,574	648,613	508,081
Transportation services	1,556,149	1,328,498	1,286,824
Environmental services	628,034	494,230	586,171
Health services	21,000	21,000	21,000
Recreation and cultural services	115,944	126,519	70,745
Planning and development	<u>11,150</u>	<u>6,778</u>	<u>6,794</u>
	<u>\$ 3,600,230</u>	<u>\$ 3,256,266</u>	<u>\$ 3,031,729</u>
Shortfall of revenue over expenses	<u>\$ (537,190)</u>	<u>\$ (346,454)</u>	<u>\$ (230,675)</u>
Transfers:			
Transfer to library	\$ (27,500)	\$ (30,790)	\$ (24,290)
Transfer to discretionary reserve fund		(18,614)	(17,586)
Transfer from (to) reserves	466,451	(226,124)	(313,414)
Transfer from equity in tangible capital assets	<u>46,877</u>	<u>621,826</u>	<u>586,048</u>
Net transfers	<u>\$ 485,828</u>	<u>\$ 346,298</u>	<u>\$ 230,758</u>
Change in general surplus (deficit) for the year	\$ (51,362)	\$ (156)	\$ 83
General surplus at the beginning of the year	<u>51,362</u>	<u>51,362</u>	<u>51,279</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 51,206</u>	<u>\$ 51,362</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2011

(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Revenue:		
User charges	\$ <u>126,600</u>	\$ <u>119,864</u>
Expenses:		
Ontario Clean Water Agency billings	\$ 102,842	\$ 110,716
Hydro	<u>13,988</u>	<u>14,681</u>
	\$ <u>116,830</u>	\$ <u>125,397</u>
Excess (shortfall) of revenue over expenses	\$ 9,770	\$ (5,533)
Water fund deficit at the beginning of the year	<u>(11,821)</u>	<u>(6,288)</u>
Water fund deficit at the end of the year	<u>\$ (2,051)</u>	<u>\$ (11,821)</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Revenue:		
User charges	\$ <u>148,056</u>	\$ <u>145,368</u>
Expenses:		
Grant in lieu	\$ 864	\$ 921
Hydro	21,825	24,704
Materials	23,083	31,471
Ontario Clean Water Agency billings	98,036	103,645
Wages	<u>443</u>	<u>487</u>
	\$ <u>144,251</u>	\$ <u>161,228</u>
Excess (shortfall) of revenue over expenses	\$ 3,805	\$ (15,860)
Financing and transfers:		
Transfer from (to) reserves	<u>(3,805)</u>	<u>15,860</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 2011

(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Contributions:		
From operations	\$ <u>362,543</u>	\$ <u>346,420</u>
Transfers:		
Transfer to operations		\$ 15,860
Transfer to tangible capital asset acquisitions	\$ <u>114,000</u>	<u>15,420</u>
	<u>\$ 114,000</u>	<u>\$ 31,280</u>
Change in reserves and reserve funds balance	\$ 248,543	\$ 315,140
Reserves and reserve funds at the beginning of the year	<u>2,705,105</u>	<u>2,389,965</u>
Reserves and reserve funds at the end of the year	<u>\$ 2,953,648</u>	<u>\$ 2,705,105</u>
Reserves:		
Working funds	\$ 1,281,383	\$ 1,151,259
Protection services	26,789	140,789
Roadways	511,157	351,157
Wastewater system	12,400	8,595
Waterworks system	12,925	12,925
Solid waste disposal	607,781	557,781
Hydro Reserve Killaloe	<u>416,147</u>	<u>416,147</u>
Total reserves	\$ 2,868,582	\$ 2,638,653
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>85,066</u>	<u>66,452</u>
Total reserves and reserve funds	<u>\$ 2,953,648</u>	<u>\$ 2,705,105</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

As at 31 December 2011
(with 2010 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December 2010	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December 2011
Land	\$ 342,666		\$ -	\$ 342,666
Land improvements	245,016			245,016
Buildings	4,122,874			4,122,874
Machinery and equipment	304,500			304,500
Vehicles	2,038,769	\$ 134,256		2,173,025
Linear assets	<u>18,863,097</u>	<u>39,384</u>		<u>18,902,481</u>
Total	<u>\$ 25,916,922</u>	<u>\$ 173,640</u>	<u>\$ -</u>	<u>\$ 26,090,562</u>

<u>Accumulated amortization</u>	Balance at 31 December 2010	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December 2011
Land	\$ 51,573	\$ 11,508	\$ -	\$ 63,081
Land improvements	184,735	5,223		189,958
Buildings	2,931,702	98,129		3,029,831
Machinery and equipment	188,333	23,617		211,950
Vehicles	1,164,277	133,125		1,297,402
Linear assets	<u>13,045,659</u>	<u>523,864</u>		<u>13,569,523</u>
Total	<u>\$ 17,566,279</u>	<u>\$ 795,466</u>	<u>\$ -</u>	<u>\$ 18,361,745</u>

<u>Net book value</u>	Balance at 31 December 2010	Balance at 31 December 2011
Land	\$ 291,093	\$ 279,585
Land improvements	60,281	55,058
Buildings	1,191,172	1,093,043
Machinery and equipment	116,167	92,550
Vehicles	874,492	875,623
Linear assets	<u>5,817,438</u>	<u>5,332,958</u>
Total	<u>\$ 8,350,643</u>	<u>\$ 7,728,817</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

As at 31 December 2011
(with 2010 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2010</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2011</u>
General government	\$ 509,327		\$ -	\$ 509,327
Protection services	920,094	\$ 115,144		1,035,238
Transportation services	17,538,864	58,496		17,597,360
Environmental services - waste sites	346,511			346,511
Environmental services - water	3,564,486			3,564,486
Environmental services - sewage	2,237,101			2,237,101
Recreation services	<u>800,539</u>			<u>800,539</u>
Total	\$ <u>25,916,922</u>	\$ <u>173,640</u>	\$ <u>-</u>	\$ <u>26,090,562</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2010</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2011</u>
General government	\$ 253,379	\$ 25,399	\$ -	\$ 278,778
Protection services	591,056	46,111		637,167
Transportation services	11,936,720	552,195		12,488,915
Environmental services - waste sites	183,339	23,208		206,547
Environmental services - water	1,997,263	119,829		2,117,092
Environmental services - sewage	2,235,101			2,235,101
Recreation services	<u>369,421</u>	<u>28,724</u>		<u>398,145</u>
Total	\$ <u>17,566,279</u>	\$ <u>795,466</u>	\$ <u>-</u>	\$ <u>18,361,745</u>

<u>Net book value</u>	Balance at 31 December <u>2010</u>	Balance at 31 December <u>2011</u>
General government	\$ 255,948	\$ 230,549
Protection services	329,038	398,071
Transportation services	5,602,144	5,108,445
Environmental services - waste sites	163,172	139,964
Environmental services - water	1,567,223	1,447,394
Environmental services - sewage	2,000	2,000
Recreation services	<u>431,118</u>	<u>402,394</u>
Total	\$ <u>8,350,643</u>	\$ <u>7,728,817</u>

(See accompanying notes)

MACKILLICAN & 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 2011, 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

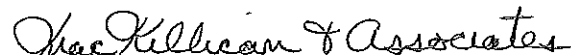
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 2011, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



RENFREW, Ontario.
21 February 2012.

Chartered Accountants,
Licensed Public Accountants.

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Financial Position

As at 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Loans receivable (Note 2)	\$ 2,410	\$ 3,633
Due from Municipality	<u>1,162</u>	<u> </u>
	<u>\$ 3,572</u>	<u>\$ 3,633</u>
 <u>LIABILITY AND FUND BALANCE</u>		
Due to Province	\$ 1,162	
Fund balance	<u>2,410</u>	<u>\$ 3,633</u>
	<u>\$ 3,572</u>	<u>\$ 3,633</u>

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Operations

For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Balance at the beginning of the year	\$ <u>3,633</u>	\$ <u>3,633</u>
Expenses:		
Administration	\$ 61	\$ -
Repayment to the Province of Ontario	<u>1,162</u>	<u> </u>
	<u>\$ 1,223</u>	<u>\$ -</u>
Balance at the end of the year	<u>\$ 2,410</u>	<u>\$ 3,633</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Trust Fund

Notes to the Financial Statements

For the year ended 31 December 2011

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 2011 comprise repayable loans of \$ 1,560 (2010 - \$ 2,783) and forgivable loans of \$ 850 (2010 - \$ 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 2011, the amount of \$ 1,162 must be returned to the Province by 1 March 2012.

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 2011, 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 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 2011, 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.
21 February 2012.

Chartered Accountants,
Licensed Public Accountants.

Village of Killaloe Recreation Committee

Statement of Financial Position

As at 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
	<u>ASSET</u>	
Cash in bank	\$ <u>4,151</u>	\$ <u>3,634</u>
	<u>ACCUMULATED SURPLUS</u>	
Accumulated surplus	\$ <u>4,151</u>	\$ <u>3,634</u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Statement of Operations

For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Revenue:		
Fundraising	\$ 3,995	\$ 3,612
Interest	<u>42</u>	<u>19</u>
	<u>\$ 4,037</u>	<u>\$ 3,631</u>
Expenses:		
Fundraising	<u>\$ 3,520</u>	<u>\$ 3,290</u>
Excess of revenue over expenses	\$ 517	\$ 341
Accumulated surplus at the beginning of the year	<u>3,634</u>	<u>3,293</u>
Accumulated surplus at the end of the year	<u>\$ 4,151</u>	<u>\$ 3,634</u>

(See accompanying notes)

Village of Killaloe Recreation Committee
Notes to the Financial Statements
For the year ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements of the Village of Killaloe Recreation Committee are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Basis of Accounting

- (1) Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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 2011, 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 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.

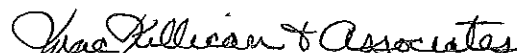
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a qualified basis for our audit opinion.

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 2011, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



RENFREW, Ontario.
21 February 2012.

Chartered Accountants,
Licensed Public Accountants.

Killaloe & District Public Library Board

Statement of Financial Position

As at 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 23,289	\$ 11,253
Due from Canada	1,536	269
Due from Ontario	<u>1,335</u>	<u>7,766</u>
	<u>\$ 26,160</u>	<u>\$ 19,288</u>
<u>LIABILITY AND ACCUMULATED SURPLUS</u>		
Liability:		
Accounts payable	\$ 2,100	\$ 2,000
Accumulated surplus	<u>24,060</u>	<u>17,288</u>
	<u>\$ 26,160</u>	<u>\$ 19,288</u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Operations

For the year ended 31 December 2011

(with 2011 budget and 2010 actual figures for comparison)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
Accumulated surplus at the beginning of the year	\$ <u>17,288</u>	\$ <u>17,288</u>	\$ <u>15,602</u>
Revenue:			
Canada grants - Summer Jobs Service Grant	\$ 1,824	\$ 1,539	\$ 1,847
Province of Ontario grants - Ontario Library	6,824	6,824	6,824
- Pay Equity	1,312	1,312	1,312
- Sustainability	3,500	3,558	3,663
- CAP Grant	5,495	4,373	6,184
- Investment Grant		76	9,158
- Connectivity Grant	1,355	1,152	1,146
- Capacity Building Grant		3,000	
Services sold to other library boards	4,148	4,148	4,148
Fines, donations, fundraising and sundry	<u>6,000</u>	<u>14,800</u>	<u>11,806</u>
	\$ <u>30,458</u>	\$ <u>40,782</u>	\$ <u>46,088</u>
Expenses:			
Advertising	\$ 1,000	\$ 739	\$ 913
Audit and legal	2,000	4,294	2,000
Books	7,600	9,158	6,297
Insurance	3,800	3,855	3,800
Investment grant expenses			8,361
Postage and office	1,824	1,794	1,630
Programs and sundry	2,800	2,441	2,058
Supplies and furniture	1,705	2,701	2,352
Sustainability grant expenses	3,558	3,680	3,591
Wages	<u>42,500</u>	<u>36,138</u>	<u>37,690</u>
	\$ <u>66,787</u>	\$ <u>64,800</u>	\$ <u>68,692</u>
Shortfall of revenue over expenses	\$ (36,329)	\$ (24,018)	\$ (22,604)
Financing and transfers:			
Transfers from current fund	<u>25,800</u>	<u>30,790</u>	<u>24,290</u>
Change in library fund balance	\$ <u>(10,529)</u>	\$ <u>6,772</u>	\$ <u>1,686</u>
Accumulated surplus at the end of the year	\$ <u><u>6,759</u></u>	\$ <u><u>24,060</u></u>	\$ <u><u>17,288</u></u>

(See accompanying notes)

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements of the Killaloe & District Public Library Board are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Basis of Accounting

- (1) Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.