

Township of Killaloe, Hagarty and Richards

Financial Statements

For the year ended 31 December 2019

**MACKILLICAN & ASSOCIATES**

CHARTERED PROFESSIONAL ACCOUNTANTS

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

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

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

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

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

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Susan Sheridan  
CAO/Clerk Treasurer

Township of Killaloe, Hagarty and Richards

Consolidated Financial Statements Index

For the year ended 31 December 2019

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations and Accumulated Surplus	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 12
Schedule of General Operations	13
Schedule of Water Fund Operations	14
Schedule of Sewage Fund Operations	15
Schedule of Reserves and Reserve Funds	16
Schedule of Tangible Capital Assets	17 - 18

Village of Killaloe Recreation Committee

Independent Auditor's Report	19
Statement of Financial Position	20
Statement of Operations and Accumulated Surplus	21
Notes to the Financial Statements	22 - 23

Killaloe & District Public Library Board

Independent Auditor's Report	24
Statement of Financial Position	25
Statement of Operations and Accumulated Surplus	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 29



## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the consolidated financial statements of the Township of Killaloe, Hagarty and Richards (the Township), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Township as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAB).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at *MacKillican's* website at: [http://mackillicans.com/PDF/Auditors\\_Responsibilities.pdf](http://mackillicans.com/PDF/Auditors_Responsibilities.pdf). This description forms part of our auditor's report.

*MacKillicon & Associates*

RENFREW, Ontario.  
8 April 2020.

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

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Financial Position

As at 31 December 2019  
(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 2,781,551	\$ 2,384,663
Taxes receivable	1,147,240	1,009,904
Accounts receivable	534,983	438,120
Investments (Note 3)	<u>343,038</u>	<u>343,038</u>
	<u>\$ 4,806,812</u>	<u>\$ 4,175,725</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 480,910	\$ 203,627
Deferred revenue - obligatory reserve funds (Note 5)	86,254	46,475
Landfill closure and post closure costs (Note 6)	<u>955,000</u>	<u>955,000</u>
	<u>\$ 1,522,164</u>	<u>\$ 1,205,102</u>
Net financial assets	<u>\$ 3,284,648</u>	<u>\$ 2,970,623</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 5,597,761	\$ 5,714,336
Inventories of supplies	59,945	47,986
Prepaid expenses	<u>11,400</u>	<u>15,008</u>
	<u>\$ 5,669,106</u>	<u>\$ 5,777,330</u>
Accumulated surplus	<u>\$ 8,953,754</u>	<u>\$ 8,747,953</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets	\$ 5,597,761	\$ 5,714,336
Discretionary reserve fund	154,186	137,500
Reserves	4,052,110	3,741,367
General	58,139	57,645
Water fund operations	(12,567)	(4,376)
Killaloe & District Public Library Board	43,891	42,218
Village of Killaloe Recreation Committee	15,234	14,263
Unfunded - landfill closure and post closure costs (Note 2)	<u>(955,000)</u>	<u>(955,000)</u>
Total accumulated surplus	<u>\$ 8,953,754</u>	<u>\$ 8,747,953</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2019  
(with 2019 budget and 2018 actual figures for comparison)

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 2,923,322	\$ 2,957,012	\$ 2,880,030
Government transfers:			
Ontario	1,611,827	1,693,750	1,157,700
Canada	163,805	168,718	144,540
Other municipalities	6,168	6,168	10,802
Other	<u>356,950</u>	<u>433,283</u>	<u>356,251</u>
	<u>\$ 5,062,072</u>	<u>\$ 5,258,931</u>	<u>\$ 4,549,323</u>
Expenses:			
General government	\$ 895,195	\$ 889,075	\$ 804,869
Protection to persons and property	1,009,444	1,170,106	918,788
Transportation services	2,083,884	1,638,985	1,525,930
Environmental services	996,147	961,800	1,449,202
Health services	21,000	21,000	21,000
Recreation and cultural services	337,748	367,436	340,916
Planning and development	<u>4,200</u>	<u>4,728</u>	<u>3,714</u>
	<u>\$ 5,347,618</u>	<u>\$ 5,053,130</u>	<u>\$ 5,064,419</u>
Excess (shortfall) of revenue over expenses	\$ (285,546)	\$ 205,801	\$ (515,096)
Accumulated surplus at the beginning of the year	<u>8,747,953</u>	<u>8,747,953</u>	<u>9,263,049</u>
Accumulated surplus at the end of the year	<u>\$ 8,462,407</u>	<u>\$ 8,953,754</u>	<u>\$ 8,747,953</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Changes in Net Financial Assets  
For the year ended 31 December 2019  
(with 2019 budget and 2018 actual figures for comparison)

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Excess (shortfall) of revenue over expenses	\$ (285,546)	\$ 205,801	\$ (515,096)
Amortization of tangible capital assets	786,319	801,485	786,296
Acquisition of tangible capital assets	(596,797)	(684,910)	(394,396)
Gain on sale of tangible capital assets		(23,125)	
Proceeds on sale of tangible capital assets		23,125	
Use of (acquisition of) inventory		(11,959)	2,422
Use of (acquisition of) prepaid expenses	<u>                    </u>	<u>3,608</u>	<u>13,448</u>
Increase (decrease) in net financial assets	\$ (96,024)	\$ 314,025	\$ (107,326)
Net financial assets at the beginning of the year	<u>2,970,623</u>	<u>2,970,623</u>	<u>3,077,949</u>
Net financial assets at the end of the year	<u>\$ 2,874,599</u>	<u>\$ 3,284,648</u>	<u>\$ 2,970,623</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ 205,801	\$ (515,096)
Add (deduct) items which do not involve cash:		
- amortization	801,485	786,296
- gain on sale of tangible capital assets	<u>(23,125)</u>	<u>                    </u>
	<u>\$ 984,161</u>	<u>\$ 271,200</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (137,336)	\$ (83,392)
- decrease (increase) in accounts receivable	(96,863)	(102,806)
- decrease (increase) in inventories of supplies	(11,959)	2,422
- decrease (increase) in prepaid expenses	3,608	13,448
- increase (decrease) in accounts payable and accrued liabilities	277,283	73,961
- increase (decrease) in deferred revenue - obligatory reserve funds	39,779	26,047
- increase (decrease) in landfill closure post closure costs	<u>                    </u>	<u>602,700</u>
	<u>\$ 74,512</u>	<u>\$ 532,380</u>
Cash flows from operating activities	<u>\$ 1,058,673</u>	<u>\$ 803,580</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
General government	\$ (137,753)	\$ (52,091)
Protection services	(47,700)	
Transportation services	(451,921)	(212,181)
Environmental services		(82,706)
Recreation and cultural services	(47,536)	(47,418)
Proceeds on sale of tangible capital assets	<u>23,125</u>	<u>                    </u>
Cash flows used for capital activities	<u>\$ (661,785)</u>	<u>\$ (394,396)</u>
Increase in cash and cash equivalents during the year	\$ 396,888	\$ 409,184
Cash and cash equivalents at the beginning of the year	<u>2,384,663</u>	<u>1,975,479</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,781,551</u>	<u>\$ 2,384,663</u>

(See accompanying notes)



Township of Killaloe, Hagarty and Richards

Schedule of General Operations

For the year ended 31 December 2019

(with 2019 budget and 2018 actual figures for comparison)

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 2,644,248	\$ 2,652,952	\$ 2,577,761
Government transfers:			
Ontario	1,603,461	1,683,762	1,149,564
Canada	162,048	167,146	142,783
Other municipalities	1,520	1,520	6,154
Other	<u>336,600</u>	<u>411,147</u>	<u>334,002</u>
	<u>\$ 4,747,877</u>	<u>\$ 4,916,527</u>	<u>\$ 4,210,264</u>
Expenses:			
General government	\$ 895,195	\$ 889,075	\$ 804,869
Protection to persons and property	1,009,444	1,170,106	918,788
Transportation services	2,083,884	1,638,985	1,525,930
Environmental services	717,073	653,581	548,919
Health services	21,000	21,000	21,000
Recreation and cultural services	220,266	250,816	225,653
Planning and development	<u>4,200</u>	<u>4,728</u>	<u>3,714</u>
	<u>\$ 4,951,062</u>	<u>\$ 4,628,291</u>	<u>\$ 4,048,873</u>
Excess (shortfall) of revenue over expenses	<u>\$ (203,185)</u>	<u>\$ 288,236</u>	<u>\$ 161,391</u>
Transfers:			
Transfer to library	\$ (85,566)	\$ (80,920)	\$ (78,825)
Transfer to discretionary reserve fund		(16,686)	(18,134)
Transfer to water			(26,625)
Transfer from (to) reserves	41,584	(306,711)	(260,433)
Transfer from equity in tangible capital assets	<u>189,522</u>	<u>116,575</u>	<u>223,447</u>
Net transfers	<u>\$ 145,540</u>	<u>\$ (287,742)</u>	<u>\$ (160,570)</u>
Change in general surplus (deficit) for the year	\$ (57,645)	\$ 494	\$ 821
General surplus at the beginning of the year	<u>57,645</u>	<u>57,645</u>	<u>56,824</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 58,139</u>	<u>\$ 57,645</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

For the year ended 31 December 2019  
(with 2018 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2018</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2019</u>
Land	\$ 342,666			\$ 342,666
Land improvements	348,038	\$ 15,294		363,332
Buildings	4,437,302	169,995		4,607,297
Machinery and equipment	1,134,576			1,134,576
Vehicles	2,355,360	145,274	\$ (228,104)	2,272,530
Linear assets	20,571,851	330,052		20,901,903
Capital work in progress		<u>24,295</u>		<u>24,295</u>
Total	<u>\$ 29,189,793</u>	<u>\$ 684,910</u>	<u>\$ (228,104)</u>	<u>\$ 29,646,599</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2018</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2019</u>
Land	\$ 124,051			\$ 124,051
Land improvements	244,299	\$ 6,519		250,818
Buildings	3,735,762	98,214		3,833,976
Machinery and equipment	582,265	91,658		673,923
Vehicles	1,687,204	98,082	\$ (228,104)	1,557,182
Linear assets	<u>17,101,876</u>	<u>507,012</u>		<u>17,608,888</u>
Total	<u>\$ 23,475,457</u>	<u>\$ 801,485</u>	<u>\$ (228,104)</u>	<u>\$ 24,048,838</u>

<u>Net book value</u>	Balance at 31 December <u>2018</u>	Balance at 31 December <u>2019</u>
Land	\$ 218,615	\$ 218,615
Land improvements	103,739	112,514
Buildings	701,540	773,321
Machinery and equipment	552,311	460,653
Vehicles	668,156	715,348
Linear assets	3,469,975	3,293,015
Capital work in progress		<u>24,295</u>
Total	<u>\$ 5,714,336</u>	<u>\$ 5,597,761</u>

(See accompanying notes)

## Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

For the year ended 31 December 2019

(with 2018 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2018</u>	<u>Additions</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2019</u>
General government	\$ 571,894	\$ 137,753		\$ 709,647
Protection services	1,585,047	47,700		1,632,747
Transportation services	19,286,245	451,921	\$ (228,104)	19,510,062
Environmental services - waste sites	731,641			731,641
Environmental services - water	3,786,120			3,786,120
Environmental services - sewage	2,345,420			2,345,420
Recreation services	<u>883,426</u>	<u>47,536</u>		<u>930,962</u>
Total	<u>\$ 29,189,793</u>	<u>\$ 684,910</u>	<u>\$ (228,104)</u>	<u>\$ 29,646,599</u>

Accumulated <u>amortization</u>	Balance at 31 December <u>2018</u>	<u>Amortization</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2019</u>
General government	\$ 410,080	\$ 28,439		\$ 438,519
Protection services	981,056	48,435		1,029,491
Transportation services	15,694,186	520,965	\$ (228,104)	15,987,047
Environmental services - waste sites	495,185	39,748		534,933
Environmental services - water	3,066,716	141,993		3,208,709
Environmental services - sewage	2,235,955	3,610		2,239,565
Recreation services	<u>592,279</u>	<u>18,295</u>		<u>610,574</u>
Total	<u>\$ 23,475,457</u>	<u>\$ 801,485</u>	<u>\$ (228,104)</u>	<u>\$ 24,048,838</u>

<u>Net book value</u>	Balance at 31 December <u>2018</u>	Balance at 31 December <u>2019</u>
General government	\$ 161,814	\$ 271,128
Protection services	603,991	603,256
Transportation services	3,592,059	3,523,015
Environmental services - waste sites	236,456	196,708
Environmental services - water	719,404	577,411
Environmental services - sewage	109,465	105,855
Recreation services	<u>291,147</u>	<u>320,388</u>
Total	<u>\$ 5,714,336</u>	<u>\$ 5,597,761</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2019

(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
Contributions:		
From operations	\$ <u>509,527</u>	\$ <u>482,106</u>
Transfers:		
Transfer to operations	\$ 42,856	\$ 26,625
Transfer to tangible capital asset acquisitions	<u>139,242</u>	<u>167,840</u>
	\$ <u>182,098</u>	\$ <u>194,465</u>
Change in reserves and reserve funds balance	\$ 327,429	\$ 287,641
Reserves and reserve funds at the beginning of the year	<u>3,878,867</u>	<u>3,591,226</u>
Reserves and reserve funds at the end of the year	<u>\$ 4,206,296</u>	<u>\$ 3,878,867</u>
Reserves:		
Working funds	\$ 2,328,526	\$ 2,331,370
Protection services	531,291	106,789
Roadways	350,057	465,004
Wastewater system	42,644	38,612
Waterworks system	21,290	21,290
Solid waste disposal	378,350	378,350
Hydro Reserve Killaloe	<u>399,952</u>	<u>399,952</u>
Total reserves	\$ 4,052,110	\$ 3,741,367
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>154,186</u>	<u>137,500</u>
Total reserves and reserve funds	<u>\$ 4,206,296</u>	<u>\$ 3,878,867</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2019

## 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 Chartered Professional Accountants of Canada.

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

### (a) Reporting Entity

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

These consolidated financial statements include:

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

- (ii) Accounting for County and School Board Transactions

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

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

### (b) Basis of Accounting

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

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

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

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2019

(c) Non-financial Assets

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

(d) Tangible Capital Assets

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

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

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

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

(ii) Contribution of Tangible Capital Assets

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

(iii) Leases

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

(e) Inventory

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

(f) Investment Income

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

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2019

(g) Government Transfers

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

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

(h) Deferred Revenue

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

(i) Deferred Revenue - Obligatory Reserve Funds

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

(j) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Significant estimates include the allowance for doubtful taxes, landfill closure and post closure costs and amortization.

(k) Cash and Cash Equivalents

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

(l) Revenue Recognition

Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years. Fees and user charges relate to utility charges (water, wastewater, and solid waste) licensing fees, fees for use of various programming, and fees imposed based on specific activities, is recognized when the activity is performed or when the services are rendered.

(m) Financial Instruments

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

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

## 2. 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.

Township of Killaloe, Hagarty and Richards

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

### 3. INVESTMENTS

The investment in Ottawa River Power Corporation (ORPC) and Ottawa River Solutions Inc. (ORSI) is carried at cost and is comprised as follows:

	<u>2019</u>	<u>2018</u>
169 Common shares (2018 - 169) of ORPC	\$ 169,507	\$ 169,507
169 Special shares of ORPC	169	169
169 Common shares (2018 - 169) of ORSI	845	845
169 Common shares of ORSI	169	169
Promissory Note from ORPC 5.37% (2018 - 5.37%)	<u>172,348</u>	<u>172,348</u>
	<u>\$ 343,038</u>	<u>\$ 343,038</u>

### 4. 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	\$ 625,815	\$ 1,300,057
Payments in lieu	<u>626</u>	<u>33,388</u>
	<u>\$ 626,441</u>	<u>\$ 1,333,445</u>

### 5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada 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>2019</u>	<u>2018</u>
Shoreline	\$ 7,722	\$ 5,878
Gasoline Tax - Federal	<u>78,532</u>	<u>40,597</u>
	<u>\$ 86,254</u>	<u>\$ 46,475</u>

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

	<u>2019</u>	<u>2018</u>
Balance at the beginning of the year	\$ 46,475	\$ 20,428
Gas tax revenue received	151,345	76,506
Sale of shoreline	1,844	
Interest earned	<u>258</u>	<u>343</u>
	\$ 199,922	\$ 97,277
Used to purchase tangible capital assets	<u>(113,668)</u>	<u>(50,802)</u>
Balance at the end of the year	<u>\$ 86,254</u>	<u>\$ 46,475</u>



Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2019

#### 6. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

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

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation. There is currently \$ 790,708 in reserves set aside for either closure or post closure activities.

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

	<u>Killaloe</u>	<u>Red Rock</u>	<u>Round Lake</u>
Landfill sites' estimated remaining capacity in cubic metres	1,007	1,109	77,305
Landfill sites' remaining useful life in years	Indefinite	1	0
Expected years of post closure care	25	25	25

The estimated total undiscounted expenses for closure and the 25 year post closure period amount to approximately \$ 1,535,000.

#### 7. 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 2019.

#### 8. BUDGET FIGURES

The operating budget approved by the Township of Killaloe, Hagarty and Richards for 2019 is reflected on the Consolidated Statement of Operations. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. The budget has not been audited.

#### 9. 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:

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2019

9. TANGIBLE CAPITAL ASSETS (Continued)

(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 2019.

(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 2019 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

10. CONTRACTUAL OBLIGATIONS

In 2019, the Township entered into a 5 year contract with Ontario Clean Water Agency. The fixed price contract was established for water and sewage treatment. The annual cost of this contract was \$ 256,740 (2018 - \$ 251,822) and is adjusted annually for inflation and insurance.

The Township has not negotiated a contract with the Ontario Provincial Police for the provision of policing services, however, the Ontario Provincial Police provide policing services on an annual basis. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The amount for 2019 was \$ 510,944 (2018 - \$ 509,744).

The Township had negotiated a contract with Beaumen Waste Management for the collection and disposal of recycled materials at the Killaloe Waste Site. Annual charges are determined based on the number of cubic yard bins. During the year, Beaumen Waste Management declared bankruptcy. The contract for 2019 was \$ 10,315 (2018 - \$ 18,310). The Township has negotiated a 10 year contract with Lafleche for the collection and disposal of compacted household waste. The contract runs from May 2013 to May 2023. Annual charges are determined by the ton. The contract for 2019 was \$ 42,552 (2018 - \$ 49,107).

The Township has entered into a commercial lease agreement with Bank of Montreal. The lease obligation runs until March 2022. Monthly payments of \$ 6,707 include HST. The cost of the lease agreement in 2019 was \$ 72,614 (2018 - \$ Nil).

11. SEGMENTED INFORMATION

(a) The Township is responsible for providing a wide range of services to its citizens. The Township reports on functional areas and programs in its consolidated financial statements. A brief description of each segment follows:

- i) General government is comprised of Council and administration and is responsible for the overall governance and management of the Municipality.
- ii) Protection is comprised of police, fire, and other protective services.
- iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Township.
- iv) Environmental services include water supply and distribution, wastewater treatment, and solid waste and recycling services.
- v) Recreation and cultural services include parks, recreation and libraries.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2019

11. SEGMENTED INFORMATION (Continued)

vi) Planning and development services are comprised of managing development for residential and business interests, as well as infrastructure and parks.

(b) For each functional area, expenditures represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The expenditures for 31 December 2019 are as follows:

	<u>Salaries and benefits</u>	<u>Interest on long term debt</u>	<u>Materials and contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 525,987	\$ -	\$ 307,920	\$ 26,729	\$ 28,439	\$ 889,075
Protection services	218,991		902,680		48,435	1,170,106
Transportation services	463,709		654,311		520,965	1,638,985
Environmental services	163,781		612,668		185,351	961,800
Health services				21,000		21,000
Recreation	212,783		136,358		18,295	367,436
Planning and development	<u>                    </u>	<u>                    </u>	<u>4,728</u>	<u>                    </u>	<u>                    </u>	<u>4,728</u>
	<u>\$ 1,585,251</u>	<u>\$ -</u>	<u>\$ 2,618,665</u>	<u>\$ 47,729</u>	<u>\$ 801,485</u>	<u>\$ 5,053,130</u>

(c) The expenditures for 31 December 2018 are as follows:

	<u>Salaries and benefits</u>	<u>Interest on long term debt</u>	<u>Materials and contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 460,171	\$ -	\$ 318,918	\$ 7,760	\$ 18,020	\$ 804,869
Protection services	205,020		665,223		48,545	918,788
Transportation services	405,068		620,259		500,603	1,525,930
Environmental services	146,172		1,111,725		191,305	1,449,202
Health services				21,000		21,000
Recreation	175,946		137,147		27,823	340,916
Planning and development	<u>                    </u>	<u>                    </u>	<u>3,714</u>	<u>                    </u>	<u>                    </u>	<u>3,714</u>
	<u>\$ 1,392,377</u>	<u>\$ -</u>	<u>\$ 2,856,986</u>	<u>\$ 28,760</u>	<u>\$ 786,296</u>	<u>\$ 5,064,419</u>

12. PENSION CONTRIBUTIONS

The Municipality started making contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan during the year. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2019, the Municipality contributed \$ 63,225 (2018 - Nil) to the plan and is included as an expense in the consolidated statement of operations. The Township does not recognize in its consolidated financial statements any share of the pension plan surplus as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan surplus for 2019 was \$ 1,531,000,000 based on the fair market value of the Plan's assets.

13. SUBSEQUENT EVENTS

Subsequent to year-end, the government of Ontario enacted a declaration of emergency to help contain the spread of the COVID-19 virus and to protect the public. As a result, all non-essential businesses are required to close. The impact of this action and the virus on the Township's future operations are currently unknown but could be material.

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2019

(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
Revenue:		
User charges	\$ <u>148,540</u>	\$ <u>147,644</u>
Expenses:		
Ontario Clean Water Agency billings	\$ 141,081	\$ 138,291
Hydro	<u>15,650</u>	<u>13,741</u>
	<u>\$ 156,731</u>	<u>\$ 152,032</u>
Shortfall of revenue over expenses	\$ (8,191)	\$ (4,388)
Transfers:		
Transfer from general fund	<u>                    </u>	<u>26,625</u>
Change in water fund surplus (deficit)	\$ (8,191)	\$ 22,237
Water fund deficit at the beginning of the year	<u>(4,376)</u>	<u>(26,613)</u>
Water fund deficit at the end of the year	<u><u>\$ (12,567)</u></u>	<u><u>\$ (4,376)</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2019

(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
Revenue:		
User charges	\$ <u>155,520</u>	\$ <u>154,625</u>
Expenses:		
Grant in lieu	\$ 904	\$ 887
Hydro	25,034	23,163
Materials	9,786	7,970
Ontario Clean Water Agency billings	115,659	113,531
Wages	<u>105</u>	<u>          </u>
	\$ <u>151,488</u>	\$ <u>145,551</u>
Excess of revenue over expenses	\$ 4,032	\$ 9,074
Transfers:		
Transfer to reserves	<u>(4,032)</u>	<u>(9,074)</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)



## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the financial statements of the Village of Killaloe Recreation Committee (the Committee), which comprise the statement of financial position as at 31 December 2019, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Committee as at 31 December 2019, and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAB).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Committee in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Committee or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Committee's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKilligan's website at: [http://mackillicans.com/PDF/Auditors\\_Responsibilities.pdf](http://mackillicans.com/PDF/Auditors_Responsibilities.pdf). This description forms part of our auditor's report.

*MacKilligan & Associates*

RENFREW, Ontario.

**Chartered Professional Accountants,**

8 April 2020.

Licensed Public Accountants.

620 Barnet Blvd.  
Renfrew ON, K7V 0A8  
T: 613.432.3664 | F: 613.432.8424

14 Madawaska Street – P.O. Box 94  
Arnprior ON, K7S 3H2  
T: 613.623.7926 | F: 613.623.7927

Email: [info@mackillicans.com](mailto:info@mackillicans.com) | Website: [www.mackillicans.com](http://www.mackillicans.com)

Village of Killaloe Recreation Committee

Statement of Financial Position

As at 31 December 2019  
(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
	<u>ASSET</u>	
Cash in bank	\$ <u>15,234</u>	\$ <u>14,263</u>
	<u>ACCUMULATED SURPLUS</u>	
Accumulated surplus	\$ <u>15,234</u>	\$ <u>14,263</u>

(See accompanying notes)

Village of Killaloe Recreation Committee  
Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2019  
(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
Revenue:		
Fundraising	\$ 9,912	\$ 11,164
Interest	<u>279</u>	<u>214</u>
	<u>\$ 10,191</u>	<u>\$ 11,378</u>
Expenses:		
Fundraising	\$ 9,220	\$ 9,475
Office	<u>          </u>	<u>120</u>
	<u>\$ 9,220</u>	<u>\$ 9,595</u>
Excess of revenue over expenses	\$ 971	\$ 1,783
Accumulated surplus at the beginning of the year	<u>14,263</u>	<u>12,480</u>
Accumulated surplus at the end of the year	<u><u>\$ 15,234</u></u>	<u><u>\$ 14,263</u></u>

(See accompanying notes)



Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2019

## 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 Chartered Professional Accountants of Canada.

### (a) Basis of Accounting

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

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

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

### (b) Government Transfers

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

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

### (c) Use of Estimates

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

### (d) Cash and Cash Equivalents

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

### (e) Investment Income

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

### (f) Financial Instruments

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

## 2. CONTINGENT LIABILITIES

The nature of Committee activities is such that there may be litigation pending or in prospect at any time. The Committee is not aware of any claims or possible claims as at 31 December 2019.

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2019

3. SUBSEQUENT EVENTS

Subsequent to year-end, the government of Ontario enacted a declaration of emergency to help contain the spread of the COVID-19 virus and to protect the public. As a result, all non-essential businesses are required to close. The impact of this action and the virus on the Township's future operations are currently unknown but could be material.



## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the financial statements of the Killaloe & District Public Library Board (the Library Board), which comprise the statement of financial position as at 31 December 2019, and the statement of operations and accumulated surplus and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library Board as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAB).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Library Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library Board's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKillican's website at: [http://mackillicans.com/PDF/Auditors\\_Responsibilities.pdf](http://mackillicans.com/PDF/Auditors_Responsibilities.pdf). This description forms part of our auditor's report.

*MacKillican & Associates*

RENFREW, Ontario.  
8 April 2020.

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

620 Barnet Blvd.  
Renfrew ON, K7V 0A8  
T: 613.432.3664 | F: 613.432.8424

14 Madawaska Street – P.O. Box 94  
Amprior ON, K7S 3H2  
T: 613.623.7926 | F: 613.623.7927

Email: [info@mackillicans.com](mailto:info@mackillicans.com) | Website: [www.mackillicans.com](http://www.mackillicans.com)

Killaloe & District Public Library Board

Statement of Financial Position

As at 31 December 2019  
(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 32,804	\$ 30,366
Investments	<u>16,504</u>	<u>16,406</u>
	<u>\$ 49,308</u>	<u>\$ 46,772</u>
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
Liabilities:		
Accounts payable	\$ 2,200	\$ 2,200
Due to Canada	<u>3,217</u>	<u>2,354</u>
	\$ 5,417	\$ 4,554
Accumulated surplus	<u>43,891</u>	<u>42,218</u>
	<u>\$ 49,308</u>	<u>\$ 46,772</u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Operations and Accumulated Surplus

For the year ended 31 December 2019

(with 2019 budget and 2018 actual figures for comparison)

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Accumulated surplus at the beginning of the year	\$ <u>42,218</u>	\$ <u>42,218</u>	\$ <u>43,649</u>
Revenue:			
Canada grants - Summer Jobs Service Grant	\$ 1,757	\$ 1,572	\$ 1,757
Province of Ontario grants - Ontario Library	6,824	6,824	6,824
- Pay Equity Grant	1,312	1,312	1,312
- Connectivity Grant		1,852	
- SOLS ILL Reimbursement	230		
Services sold to other library boards	4,648	4,648	4,648
Fines, donations, fundraising and sundry	<u>10,350</u>	<u>11,945</u>	<u>10,871</u>
	\$ <u>25,121</u>	\$ <u>28,153</u>	\$ <u>25,412</u>
Expenses:			
Advertising and promotions	\$ 500	\$ 533	\$ 507
Audit and legal	3,700	3,714	3,663
Books	12,890	12,705	11,347
Connectivity - SOLS	1,250	1,274	1,234
Insurance	3,200	3,447	3,173
Integrated library system	560	588	557
Library digital services grant			600
Licences	240	240	240
Postage and office	1,640	1,440	1,588
Programs and sundry	875	1,194	1,612
Summer Jobs Service Grant	1,757	1,572	1,757
Supplies and furniture	2,700	1,429	2,815
Training and development	2,000	2,106	1,365
Volunteer appreciation	400	387	398
Wages	<u>75,770</u>	<u>76,771</u>	<u>74,812</u>
	\$ <u>107,482</u>	\$ <u>107,400</u>	\$ <u>105,668</u>
Shortfall of revenue over expenses before transfers	\$ (82,361)	\$ (79,247)	\$ (80,256)
Transfers:			
Transfers from general fund	<u>80,402</u>	<u>80,920</u>	<u>78,825</u>
Excess (shortfall) of revenue over expenses for the year	\$ <u>(1,959)</u>	\$ <u>1,673</u>	\$ <u>(1,431)</u>
Accumulated surplus at the end of the year	\$ <u><u>40,259</u></u>	\$ <u><u>43,891</u></u>	\$ <u><u>42,218</u></u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Cash Flows

For the year ended 31 December 2019

(with 2018 figures for comparison)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses for the year	\$ <u>1,673</u>	\$ <u>(1,431)</u>
Net change in non cash working capital balance related to operations:		
- decrease (increase) in due from Canada		\$ 2,128
- increase (decrease) in due to Canada	\$ <u>863</u>	<u>2,354</u>
	\$ <u>863</u>	\$ <u>4,482</u>
Cash flows from operating activities	\$ <u>2,536</u>	\$ <u>3,051</u>
Increase in cash and cash equivalents during the year	\$ 2,536	\$ 3,051
Cash and cash equivalents at the beginning of the year	<u>46,772</u>	<u>43,721</u>
Cash and cash equivalents at the end of the year	<u>\$ 49,308</u>	<u>\$ 46,772</u>
Comprised of:		
Cash on hand and in bank	\$ 32,804	\$ 30,366
Investments	<u>16,504</u>	<u>16,406</u>
	<u>\$ 49,308</u>	<u>\$ 46,772</u>

(See accompanying notes)

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2019

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 Chartered Professional Accountants of Canada.

(a) Basis of Accounting

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

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

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

(b) Government Transfers

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

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

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

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

2. FINANCIAL INSTRUMENTS

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

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2019

3. CONTINGENT LIABILITIES

The nature of Board activities is such that there may be litigation pending or in prospect at any time. The Library Board is not aware of any claims or possible claims as at 31 December 2019.

4. BUDGET FIGURES

The operating budget for 2019 is approved by the Killaloe & District Public Library Board. The Board does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. The budget is not audited.

5. SUBSEQUENT EVENTS

Subsequent to year-end, the government of Ontario enacted a declaration of emergency to help contain the spread of the COVID-19 virus and to protect the public. As a result, all non-essential businesses are required to close. The impact of this action and the virus on the Township's future operations are currently unknown but could be material.