

Township of Killaloe, Hagarty and Richards

Financial Statements

For the year ended 31 December 2022



*Naturally Spirited*

**KILLALOE-HAGARTY-RICHARDS**

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

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

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

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

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

Tammy Gogerat  
CAO/Clerk-Treasurer

Township of Killaloe, Hagarty and Richards

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For the year ended 31 December 2022

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**MACKILLICAN  
& ASSOCIATES**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

**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 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

**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 PSAS, 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.

*Mackillican & Associates*

RENFREW, Ontario.  
20 March 2023.

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

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

As at 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 2,337,467	\$ 707,932
Taxes receivable	1,157,205	1,156,198
Accounts receivable	529,362	571,256
Investments (Note 3)	<u>343,038</u>	<u>343,038</u>
	<u>\$ 4,367,072</u>	<u>\$ 2,778,424</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 249,311	\$ 280,680
Deferred revenue - obligatory reserve funds (Note 5)	14,174	13,149
Net long term liabilities (Note 13)	2,082,786	
Landfill closure and post closure costs (Note 6)	<u>1,380,000</u>	<u>955,000</u>
	<u>\$ 3,726,271</u>	<u>\$ 1,248,829</u>
Net financial assets	<u>\$ 640,801</u>	<u>\$ 1,529,595</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 7,606,427	\$ 7,395,507
Inventories of supplies	28,172	27,706
Prepaid expenses	<u>22,771</u>	<u>22,933</u>
	<u>\$ 7,657,370</u>	<u>\$ 7,446,146</u>
Accumulated surplus	<u>\$ 8,298,171</u>	<u>\$ 8,975,741</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets	\$ 5,523,641	\$ 5,584,101
Discretionary reserve fund	170,579	196,776
Reserves	3,905,091	4,054,424
General	62,794	62,374
Water fund operations	(26,972)	(15,630)
Killaloe & District Public Library Board	25,557	32,041
Village of Killaloe Recreation Committee	17,481	16,655
Unfunded - landfill closure and post closure costs (Note 2)	<u>(1,380,000)</u>	<u>(955,000)</u>
Total accumulated surplus	<u>\$ 8,298,171</u>	<u>\$ 8,975,741</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 3,090,132	\$ 3,109,359	\$ 3,073,714
Government transfers:			
Ontario	1,403,914	1,347,746	1,164,602
Canada	119,027	161,740	382,299
Other municipalities	6,168	6,168	6,168
Other	<u>436,428</u>	<u>455,549</u>	<u>492,782</u>
	<u>\$ 5,055,669</u>	<u>\$ 5,080,562</u>	<u>\$ 5,119,565</u>
Expenses:			
General government	\$ 964,136	\$ 990,121	\$ 818,593
Protection to persons and property	1,283,061	1,124,024	1,115,922
Transportation services	2,413,464	1,789,423	1,871,729
Environmental services	1,420,982	1,418,994	1,082,949
Recreation and cultural services	450,677	423,574	361,947
Planning and development	<u>40,200</u>	<u>11,996</u>	<u>10,347</u>
	<u>\$ 6,572,520</u>	<u>\$ 5,758,132</u>	<u>\$ 5,261,487</u>
Excess (shortfall) of revenue over expenses	\$ (1,516,851)	\$ (677,570)	\$ (141,922)
Accumulated surplus at the beginning of the year	<u>8,975,741</u>	<u>8,975,741</u>	<u>9,117,663</u>
Accumulated surplus at the end of the year	<u>\$ 7,458,890</u>	<u>\$ 8,298,171</u>	<u>\$ 8,975,741</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards  
Consolidated Statement of Changes in Net Financial Assets  
For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Excess (shortfall) of revenue over expenses	\$ (1,516,851)	\$ (677,570)	\$ (141,922)
Amortization of tangible capital assets	761,589	761,589	709,913
Acquisition of tangible capital assets	(623,235)	(972,509)	(1,860,531)
Gain on sale of tangible capital assets		(15,000)	(19,900)
Proceeds on sale of tangible capital assets		15,000	19,900
Use of (acquisition of) inventory		(466)	32,555
Use of (acquisition of) prepaid expenses	_____	_____ 162	_____ (7,995)
Decrease in net financial assets	\$ (1,378,497)	\$ (888,794)	\$ (1,267,980)
Net financial assets at the beginning of the year	<u>1,529,595</u>	<u>1,529,595</u>	<u>2,797,575</u>
Net financial assets at the end of the year	<u>\$ 151,098</u>	<u>\$ 640,801</u>	<u>\$ 1,529,595</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ (677,570)	\$ (141,922)
Add (deduct) items which do not involve cash:		
- amortization	761,589	709,913
- gain on sale of tangible capital assets	<u>(15,000)</u>	<u>(19,900)</u>
	<u>\$ 69,019</u>	<u>\$ 548,091</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (1,007)	\$ 67,060
- decrease (increase) in accounts receivable	41,894	(64,917)
- decrease (increase) in inventories of supplies	(466)	32,555
- decrease (increase) in prepaid expenses	162	(7,995)
- increase (decrease) in accounts payable and accrued liabilities	(31,369)	66,861
- increase (decrease) in deferred revenue - obligatory reserve funds	1,025	(147,925)
- increase (decrease) in landfill closure post closure costs	<u>425,000</u>	<u>                    </u>
	<u>\$ 435,239</u>	<u>\$ (54,361)</u>
Cash flows from operating activities	<u>\$ 504,258</u>	<u>\$ 493,730</u>
Cash flows from financing activities:		
Proceeds from OILC debenture	\$ 1,891,709	\$ -
Proceeds from Capital lease	269,491	
Repayment of OILC debenture	(51,173)	
Repayment of Capital lease	<u>(27,241)</u>	<u>                    </u>
Cash flows from financing activities	<u>\$ 2,082,786</u>	<u>\$ -</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
Protection services	\$ (197,780)	\$ (1,292,918)
Transportation services	(652,063)	(567,613)
Environmental services	(51,432)	
Recreation and cultural services	(71,234)	
Proceeds on sale of tangible capital assets	<u>15,000</u>	<u>19,900</u>
Cash flows used for capital activities	<u>\$ (957,509)</u>	<u>\$ (1,840,631)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ 1,629,535	\$ (1,346,901)
Cash and cash equivalents at the beginning of the year	<u>707,932</u>	<u>2,054,833</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,337,467</u>	<u>\$ 707,932</u>

(See accompanying notes)



Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

## 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.

### (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 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 2022

### 3. INVESTMENTS

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

	<u>2022</u>	<u>2021</u>
169 Common shares (2021 - 169) of ORPC	\$ 169,507	\$ 169,507
169 Special shares of ORPC	169	169
169 Common shares (2021 - 169) of ORSI	845	845
169 Special shares of ORSI	169	169
Promissory Note from ORPC 3.49% (2021 - 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	\$ 609,269	\$ 1,438,097
Payments in lieu	<u>670</u>	<u>36,033</u>
	<u>\$ 609,939</u>	<u>\$ 1,474,130</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>2022</u>	<u>2021</u>
Shoreline	\$ 13,750	\$ 12,554
Gasoline Tax - Federal	<u>424</u>	<u>595</u>
	<u>\$ 14,174</u>	<u>\$ 13,149</u>

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

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	\$ 13,149	\$ 161,074
Gas tax revenue received	76,751	150,534
Sale of shoreline	968	4,160
Interest earned	<u>806</u>	<u>618</u>
	\$ 91,674	\$ 316,386
Used to purchase tangible capital assets	<u>(77,500)</u>	<u>(303,237)</u>
Balance at the end of the year	<u>\$ 14,174</u>	<u>\$ 13,149</u>

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

#### 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	39,000	77,305
Landfill sites' remaining useful life in years	0	30	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 \$ 1,380,000.

#### 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 2022.

#### 8. BUDGET FIGURES

The operating budget approved by the Township of Killaloe, Hagarty and Richards for 2022 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 2022

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 2022.

(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 2022 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 \$ 297,753 (2021 - \$ 284,113) 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 2022 was \$ 472,973 (2021 - \$ 497,039).

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 2022 was \$ 56,594 (2021 - \$ 56,873).

The Township has entered into a commercial lease agreement with Bank of Montreal for a 2019 International tandem truck. The lease obligation ran until March 2022. Monthly payments of \$ 6,707 include HST. The cost of the lease agreement in 2022 was \$ 12,081 (2021 - \$ 72,483).

The Township has entered into a commercial lease agreement with Bank of Montreal for a 2020 International tandem truck. The lease obligation runs until February 2023. Monthly payments of \$ 8,469 include HST. The cost of the lease agreement in 2022 was \$ 91,522 (2021 - \$ 91,522).

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 2022

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 2022 are as follows:

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 552,436		\$ 379,388	\$ 18,050	\$ 40,247	\$ 990,121
Protection services	374,308	\$ 26,484	658,246		64,986	1,124,024
Transportation services	527,082	6,617	796,399		459,325	1,789,423
Environmental services	179,840		1,061,219		177,935	1,418,994
Recreation	240,386		164,092		19,096	423,574
Planning and development			11,996			11,996
	<u>\$ 1,874,052</u>	<u>\$ 33,101</u>	<u>\$ 3,071,340</u>	<u>\$ 18,050</u>	<u>\$ 761,589</u>	<u>\$ 5,758,132</u>

(c) The expenditures for 31 December 2021 are as follows:

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 503,249	\$ -	\$ 257,046	\$ 18,050	\$ 40,248	\$ 818,593
Protection services	355,222		714,188		46,512	1,115,922
Transportation services	574,283		871,323		426,123	1,871,729
Environmental services	159,741		745,274		177,934	1,082,949
Recreation	211,534		131,317		19,096	361,947
Planning and development			10,347			10,347
	<u>\$ 1,804,029</u>	<u>\$ -</u>	<u>\$ 2,729,495</u>	<u>\$ 18,050</u>	<u>\$ 709,913</u>	<u>\$ 5,261,487</u>

12. PENSION CONTRIBUTIONS

The Municipality makes 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 2022, the Municipality contributed \$ 113,282 (2021 - \$ 101,699) 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 had a deficit for 2022 of \$ 6,100,000,000 (2021 - deficit of \$ 69,000,000) based on the fair market value of the Plan's assets.

Township of Killaloe, Hagarty and Richards  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

13. NET LONG TERM LIABILITIES	<u>2022</u>	<u>2021</u>
(a) Ontario Infrastructure and Lands Corporation (OILC) loan payable, 2.80% interest, \$ 77,657 principal and interest payment, payable semi-annually, maturing February 2037.	\$ 1,840,536	\$ -
Bank of Montreal capital lease payable, 6.978% interest, \$ 8,318 principal and interest payment, payable monthly, maturing August 2025.	<u>242,250</u>	<u>-</u>
Net long term liabilities at the end of the year	<u>\$ 2,082,786</u>	<u>\$ -</u>

(b) Principal and interest payments required on the long term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 190,126	\$ 65,009	\$ 255,135
2024	199,242	55,893	255,135
2025	175,321	46,540	221,861
2026	113,597	41,717	155,314
2027	116,800	38,514	155,314
2028 to 2032	635,298	141,274	776,572
2033 onwards	<u>652,402</u>	<u>46,514</u>	<u>698,916</u>
	<u>\$ 2,082,786</u>	<u>\$ 435,461</u>	<u>\$ 2,518,247</u>

14 EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets - net	\$ 7,606,427	\$ 7,395,507
Net long term liabilities (Note 13)	(2,082,786)	-
Unexpended capital financing (unfunded capital outlay)	<u>-</u>	<u>(1,811,406)</u>
	<u>\$ 5,523,641</u>	<u>\$ 5,584,101</u>

15 COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations. The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.



Township of Killaloe, Hagarty and Richards

Schedule of General Operations

For the year ended 31 December 2022

(with 2022 budget and 2021 actual figures for comparison)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 2,798,166	\$ 2,785,984	\$ 2,764,730
Government transfers:			
Ontario	1,394,078	1,337,914	1,154,928
Canada	117,002	159,962	379,344
Other municipalities	1,520	1,520	1,520
Other	<u>413,378</u>	<u>423,208</u>	<u>479,321</u>
	<u>\$ 4,724,144</u>	<u>\$ 4,708,588</u>	<u>\$ 4,779,843</u>
Expenses:			
General government	\$ 964,136	\$ 990,121	\$ 818,593
Protection to persons and property	1,283,061	1,124,024	1,115,922
Transportation services	2,413,464	1,789,423	1,871,729
Environmental services	829,016	645,592	729,885
Recreation and cultural services	312,082	283,905	240,640
Planning and development	<u>40,200</u>	<u>11,996</u>	<u>10,347</u>
	<u>\$ 5,841,959</u>	<u>\$ 4,845,061</u>	<u>\$ 4,787,116</u>
Excess (shortfall) of revenue over expenses	<u>\$ (1,117,815)</u>	<u>\$ (136,473)</u>	<u>\$ (7,273)</u>
Transfers:			
Transfer to library	\$ (92,950)	\$ (88,079)	\$ (86,381)
Transfer from (to) discretionary reserve fund	51,432	28,864	(24,106)
Transfer to water			(28,730)
Transfer from reserves	1,009,779	135,648	192,530
Transfer from (to) equity in tangible capital assets	<u>87,180</u>	<u>60,460</u>	<u>(44,976)</u>
Net transfers	<u>\$ 1,055,441</u>	<u>\$ 136,893</u>	<u>\$ 8,337</u>
Change in general surplus (deficit) for the year	\$ (62,374)	\$ 420	\$ 1,064
General surplus at the beginning of the year	<u>62,374</u>	<u>62,374</u>	<u>61,310</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 62,794</u>	<u>\$ 62,374</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Revenue:		
User charges	\$ <u>166,234</u>	\$ <u>152,777</u>
Expenses:		
Ontario Clean Water Agency billings	\$ 163,317	\$ 155,540
Hydro	<u>14,259</u>	<u>12,867</u>
	\$ <u>177,576</u>	\$ <u>168,407</u>
Shortfall of revenue over expenses	\$ (11,342)	\$ (15,630)
Transfers:		
Transfer from general fund	<u>                    </u>	<u>28,730</u>
Change in water fund surplus (deficit)	\$ (11,342)	\$ 13,100
Water fund deficit at the beginning of the year	<u>(15,630)</u>	<u>(28,730)</u>
Water fund deficit at the end of the year	\$ <u><u>(26,972)</u></u>	\$ <u><u>(15,630)</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2022

(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Revenue:		
User charges	\$ <u>157,141</u>	\$ <u>156,207</u>
Expenses:		
Grant in lieu	\$ 962	\$ 945
Hydro	23,624	21,341
Materials	11,839	34,858
Ontario Clean Water Agency billings	133,889	127,513
Wages	<u>512</u>	<u>          </u>
	\$ <u>170,826</u>	\$ <u>184,657</u>
Excess (shortfall) of revenue over expenses	\$ (13,685)	\$ (28,450)
Transfers:		
Transfer from reserves	<u>13,685</u>	<u>28,450</u>
Change in sewage fund surplus (deficit)	\$ -	\$ -
Sewage fund surplus (deficit) at the beginning of the year	<u>-</u>	<u>-</u>
Sewage fund surplus (deficit) 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 2022

(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Contributions:		
From operations	\$ <u>132,818</u>	\$ <u>181,154</u>
Transfers:		
Transfer to operations	\$ 25,267	\$ 87,449
Transfer to tangible capital asset acquisitions	<u>283,081</u>	<u>290,113</u>
	<u>\$ 308,348</u>	<u>\$ 377,562</u>
Change in reserves and reserve funds balance	\$ (175,530)	\$ (196,408)
Reserves and reserve funds at the beginning of the year	<u>4,251,200</u>	<u>4,447,608</u>
Reserves and reserve funds at the end of the year	<u>\$ 4,075,670</u>	<u>\$ 4,251,200</u>
Reserves:		
Working funds	\$ 2,709,327	\$ 2,665,885
Protection services	58,376	137,466
Roadways	332,081	432,081
Wastewater system	5,715	19,400
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	\$ 3,905,091	\$ 4,054,424
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>170,579</u>	<u>196,776</u>
Total reserves and reserve funds	<u>\$ 4,075,670</u>	<u>\$ 4,251,200</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

For the year ended 31 December 2022

(with 2021 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2021</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
Land	\$ 443,546			\$ 443,546
Land improvements	363,332			363,332
Buildings	4,857,369		\$ 2,155,602	7,012,971
Machinery and equipment	1,316,765			1,316,765
Vehicles	2,264,218	\$ 343,719	(193,974)	2,413,963
Linear assets	21,542,048	359,776		21,901,824
Capital work in progress	<u>1,957,821</u>	<u>269,014</u>	<u>(2,155,602)</u>	<u>71,233</u>
Total	<u>\$ 32,745,099</u>	<u>\$ 972,509</u>	<u>\$ (193,974)</u>	<u>\$ 33,523,634</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2021</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
Land	\$ 124,051			\$ 124,051
Land improvements	266,915	\$ 8,049		274,964
Buildings	4,046,239	108,168		4,154,407
Machinery and equipment	852,522	106,739		959,261
Vehicles	1,608,795	86,403	\$ (193,974)	1,501,224
Linear assets	<u>18,451,070</u>	<u>452,230</u>		<u>18,903,300</u>
Total	<u>\$ 25,349,592</u>	<u>\$ 761,589</u>	<u>\$ (193,974)</u>	<u>\$ 25,917,207</u>

<u>Net book value</u>	Balance at 31 December <u>2021</u>	Balance at 31 December <u>2022</u>
Land	\$ 319,495	\$ 319,495
Land improvements	96,417	88,368
Buildings	811,130	2,858,564
Machinery and equipment	464,243	357,504
Vehicles	655,423	912,739
Linear assets	3,090,978	2,998,524
Capital work in progress	<u>1,957,821</u>	<u>71,233</u>
Total	<u>\$ 7,395,507</u>	<u>\$ 7,606,427</u>

(See accompanying notes)

## Township of Killaloe, Hagarty and Richards

## Schedule of Tangible Capital Assets

For the year ended 31 December 2022

(with 2021 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2021</u>	<u>Additions</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2022</u>
General government	\$ 959,719			\$ 959,719
Protection services	3,854,430	\$ 197,780		4,052,210
Transportation services	20,195,499	652,063	\$ (193,974)	20,653,588
Environmental services - waste sites	672,949	51,432		724,381
Environmental services - water	3,786,120			3,786,120
Environmental services - sewage	2,345,420			2,345,420
Recreation services	<u>930,962</u>	<u>71,234</u>		<u>1,002,196</u>
Total	\$ <u>32,745,099</u>	\$ <u>972,509</u>	\$ <u>(193,974)</u>	\$ <u>33,523,634</u>

Accumulated <u>amortization</u>	Balance at 31 December <u>2021</u>	<u>Amortization</u>	Disposals, write-offs and <u>adjustments</u>	Balance at 31 December <u>2022</u>
General government	\$ 511,797	\$ 40,247		\$ 552,044
Protection services	1,126,779	64,986		1,191,765
Transportation services	16,781,428	459,325	\$ (193,974)	17,046,779
Environmental services - waste sites	540,904	32,331		573,235
Environmental services - water	3,492,694	141,993		3,634,687
Environmental services - sewage	2,246,786	3,611		2,250,397
Recreation services	<u>649,204</u>	<u>19,096</u>		<u>668,300</u>
Total	\$ <u>25,349,592</u>	\$ <u>761,589</u>	\$ <u>(193,974)</u>	\$ <u>25,917,207</u>

<u>Net book value</u>	Balance at 31 December <u>2021</u>	Balance at 31 December <u>2022</u>
General government	\$ 447,922	\$ 407,675
Protection services	2,727,651	2,860,445
Transportation services	3,414,071	3,606,809
Environmental services - waste sites	132,045	151,146
Environmental services - water	293,426	151,433
Environmental services - sewage	98,634	95,023
Recreation services	<u>281,758</u>	<u>333,896</u>
Total	\$ <u>7,395,507</u>	\$ <u>7,606,427</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 2022, 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 2022, and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### **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 PSAS, 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 *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.  
20 March 2023.

Chartered Professional Accountants,  
Licensed Public Accountants.

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Village of Killaloe Recreation Committee

Statement of Financial Position

As at 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
<u>ASSET</u>		
Cash in bank	\$ <u>18,435</u>	\$ <u>16,655</u>
<u>LIABILITY AND ACCUMULATED SURPLUS</u>		
Liability:		
Due to Township	\$ 954	\$ -
Accumulated surplus	<u>17,481</u>	<u>16,655</u>
	<u>\$ 18,435</u>	<u>\$ 16,655</u>

(See accompanying notes)



Village of Killaloe Recreation Committee  
Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Revenue:		
Fundraising	\$ 10,725	\$ 42
Interest	<u>355</u>	<u>46</u>
	<u>\$ 11,080</u>	<u>\$ 88</u>
Expenses:		
Recreation activities	\$ 954	
Fundraising	9,147	\$ 50
Office	<u>153</u>	<u>          </u>
	<u>\$ 10,254</u>	<u>\$ 50</u>
Excess of revenue over expenses	\$ 826	\$ 38
Accumulated surplus at the beginning of the year	<u>16,655</u>	<u>16,617</u>
Accumulated surplus at the end of the year	<u><u>\$ 17,481</u></u>	<u><u>\$ 16,655</u></u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2022

## 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 2022.

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2022

3. COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations. The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.



## 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 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### **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 PSAS, 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 *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.  
20 March 2023.

Chartered Professional Accountants,  
Licensed Public Accountants.

Killaloe & District Public Library Board

Statement of Financial Position

As at 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 18,943	\$ 21,721
Due from Ontario - SOLS Connectivity	1,320	1,284
Investments	<u>12,045</u>	<u>11,985</u>
	<u>\$ 32,308</u>	<u>\$ 34,990</u>
 <u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
Liabilities:		
Accounts payable	\$ 2,200	\$ 2,200
Due to Canada	<u>4,551</u>	<u>749</u>
	\$ 6,751	\$ 2,949
Accumulated surplus	<u>25,557</u>	<u>32,041</u>
	<u>\$ 32,308</u>	<u>\$ 34,990</u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Operations and Accumulated Surplus

For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	2022 <u>Budget</u>	2022 <u>Actual</u>	2021 <u>Actual</u>
Accumulated surplus at the beginning of the year	\$ 32,041	\$ 32,041	\$ 36,733
Revenue:			
Canada grants - Summer Jobs Service Grant	\$ 2,025	\$ 1,778	\$ 2,955
Province of Ontario grants - Ontario Library	6,824	6,824	6,824
- Pay Equity Grant	1,312	1,312	1,312
- Connectivity Grant	1,320	1,320	1,284
- SOLS ILL Reimbursement	380	376	254
Services sold to other library boards	4,648	4,648	4,648
Fines, donations, fundraising and sundry	<u>12,050</u>	<u>18,594</u>	<u>12,907</u>
	\$ <u>28,559</u>	\$ <u>34,852</u>	\$ <u>30,184</u>
Expenses:			
Advertising and promotions	\$ 500	\$ 500	\$ 454
Audit and legal	3,770	3,867	3,765
Books	11,800	11,663	12,516
Connectivity - SOLS	1,320	1,462	1,290
Insurance	4,800	5,115	4,774
Integrated library system	615	624	612
Licences	240	190	290
Postage and office	1,400	1,591	1,376
Programs and sundry	875	1,915	1,310
Summer Jobs Service Grant	2,025	1,778	2,955
Supplies and furniture	1,500	1,172	2,595
Training and development	500	535	551
Volunteer appreciation	100	90	100
Wages	<u>98,950</u>	<u>98,913</u>	<u>88,669</u>
	\$ <u>128,395</u>	\$ <u>129,415</u>	\$ <u>121,257</u>
Shortfall of revenue over expenses before transfers	\$ <u>(99,836)</u>	\$ <u>(94,563)</u>	\$ <u>(91,073)</u>
Transfers:			
Transfers from general fund	\$ <u>87,475</u>	\$ <u>88,079</u>	\$ <u>86,381</u>
Shortfall of revenue over expenses for the year	\$ <u>(12,361)</u>	\$ <u>(6,484)</u>	\$ <u>(4,692)</u>
Accumulated surplus at the end of the year	\$ <u><u>19,680</u></u>	\$ <u><u>25,557</u></u>	\$ <u><u>32,041</u></u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Cash Flows

For the year ended 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Shortfall of revenue over expenses for the year	\$ <u>(6,484)</u>	\$ <u>(4,692)</u>
Net change in non cash working capital balance related to operations:		
- decrease (increase) in due from Canada		\$ 3,666
- decrease (increase) in due from Ontario - SOLS Connectivity	\$ (36)	(1,284)
- increase (decrease) in due to Canada	<u>3,802</u>	<u>(252)</u>
	<u>\$ 3,766</u>	<u>\$ 2,130</u>
Cash flows used for operating activities	<u>\$ (2,718)</u>	<u>\$ (2,562)</u>
Decrease in cash and cash equivalents during the year	\$ (2,718)	\$ (2,562)
Cash and cash equivalents at the beginning of the year	<u>33,706</u>	<u>36,268</u>
Cash and cash equivalents at the end of the year	<u>\$ 30,988</u>	<u>\$ 33,706</u>
Comprised of:		
Cash on hand and in bank	\$ 18,943	\$ 21,721
Investments	<u>12,045</u>	<u>11,985</u>
	<u>\$ 30,988</u>	<u>\$ 33,706</u>

(See accompanying notes)

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2022

## 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 with a maturity term of less than 90 days.

## 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 2022

3. CONTINGENT LIABILITIES

The nature of the Board's 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 2022.

4. BUDGET FIGURES

The operating budget for 2022 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. COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations. The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.