

AUDITORS' REPORT

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

We have audited the consolidated balance sheet of the Corporation of the Township of Killaloe, Hagarty and Richards as at 31 December 2005, and the consolidated statements of operations and cash flows and the schedules of current fund operations, water fund operations, capital fund operations, sewage fund operations and reserves and reserve funds for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Killaloe, Hagarty and Richards as at 31 December 2005, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

RENFREW, Ontario.

18 January 2006.

Chartered Accountants.

Township of Killaloe, Hagarty and Richards

Consolidated Balance Sheet

As at 31 December 2005  
(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 859,695	\$ 707,019
Taxes receivable	350,820	391,436
Accounts receivable	303,409	94,489
Investment in Ottawa River Power Corporation	358,895	358,895
	<u>\$ 1,872,819</u>	<u>\$ 1,551,839</u>
 <u>LIABILITIES AND MUNICIPAL POSITION</u>		
Accounts payable and accrued liabilities	\$ 107,682	\$ 142,698
Deferred revenue (Note 4)	13,890	93,384
Net long term liabilities (Note 5)	78,967	102,657
Landfill closure and post closure costs (Note 6)	352,300	352,300
	<u>\$ 552,839</u>	<u>\$ 691,039</u>
Municipal position:		
Fund balances:		
Current fund	\$ 4,199	\$ 4,076
Library board	6,140	3,279
Village of Killaloe Recreation Committee	5,298	4,061
Water fund	(3,600)	1,242
Capital fund		(3,556)
Discretionary reserve fund	20,025	17,236
Reserves	1,719,185	1,289,419
	<u>\$ 1,751,247</u>	<u>\$ 1,315,757</u>
Amounts to be recovered: (Note 1(b) (iv))		
Long term liabilities	\$ (78,967)	\$ (102,657)
Landfill closure and post closure costs	(352,300)	(352,300)
	<u>\$ (431,267)</u>	<u>\$ (454,957)</u>
Municipal position	<u>\$ 1,319,980</u>	<u>\$ 860,800</u>
	<u>\$ 1,872,819</u>	<u>\$ 1,551,839</u>

(See accompanying notes)

## Township of Killaloe, Hagarty and Richards

## Consolidated Statement of Operations

For the year ended 31 December 2005

(with 2005 budget and 2004 actual figures for comparison)

	Budget 2005	Actual 2005	Actual 2004
Revenue:			
Taxation and user charges	\$ 1,397,106	\$ 1,403,712	\$ 1,345,902
Transfer payments:			
Ontario	765,847	701,836	390,653
Canada	26,250	5,462	4,217
Other municipalities	8,848	9,337	8,773
Other	<u>243,195</u>	<u>338,930</u>	<u>261,347</u>
	<u>\$ 2,441,246</u>	<u>\$ 2,459,277</u>	<u>\$ 2,010,892</u>
Expenditure:			
Current:			
General government	\$ 415,512	\$ 369,249	\$ 375,030
Protection to persons and property	460,114	352,593	389,228
Transportation services	519,345	519,615	427,459
Environmental services	447,982	406,488	437,755
Recreation and cultural services	82,157	78,774	87,050
Planning and development	<u>1,000</u>	<u>834</u>	<u>907</u>
	<u>\$ 1,926,110</u>	<u>\$ 1,727,553</u>	<u>\$ 1,717,429</u>
Capital:			
General government	\$ 30,000		\$ 3,467
Protection to persons and property	150,000		
Transportation services		\$ 18,360	120,675
Environmental services	341,380	254,184	106,104
Recreation and cultural services	<u>11,759</u>	<u>                    </u>	<u>17,977</u>
	<u>\$ 533,139</u>	<u>\$ 272,544</u>	<u>\$ 248,223</u>
	<u>\$ 2,459,249</u>	<u>\$ 2,000,097</u>	<u>\$ 1,965,652</u>
Net surplus (deficit) for the year	<u>\$ (18,003)</u>	<u>\$ 459,180</u>	<u>\$ 45,240</u>
Financing and transfers:			
Proceeds from long term debt			\$ 118,450
Debt principal payments	<u>\$ (23,700)</u>	<u>\$ (23,690)</u>	<u>(50,257)</u>
	<u>\$ (23,700)</u>	<u>\$ (23,690)</u>	<u>\$ 68,193</u>
Change in fund balances for the year	<u>\$ (41,703)</u>	<u>\$ 435,490</u>	<u>\$ 113,433</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and Richards

Schedule of Current Fund Operations

For the year ended 31 December 2005  
(with 2005 budget and 2004 actual figures for comparison)

	<u>Budget</u> 2005	<u>Actual</u> 2005	<u>Actual</u> 2004
Revenue:			
Net municipal taxation	\$ 1,195,019	\$ 1,205,760	\$ 1,162,784
Transfer payments:			
Ontario	480,958	524,598	338,814
Canada	13,250	4,343	3,144
Other municipalities	4,700	5,189	4,625
Other	<u>230,553</u>	<u>242,688</u>	<u>247,756</u>
	<u>\$ 1,924,480</u>	<u>\$ 1,982,578</u>	<u>\$ 1,757,123</u>
Expenditure:			
General government	\$ 415,512	\$ 369,249	\$ 375,030
Protection to persons and property	460,114	352,593	389,228
Transportation services	519,345	519,615	427,459
Environmental services	245,895	208,208	262,126
Recreation and cultural services	40,731	35,116	35,963
Planning and development	<u>1,000</u>	<u>834</u>	<u>907</u>
	<u>\$ 1,682,597</u>	<u>\$ 1,485,615</u>	<u>\$ 1,490,713</u>
Net surplus for the year	<u>\$ 241,883</u>	<u>\$ 496,963</u>	<u>\$ 266,410</u>
Financing and transfers:			
Debt principal payments	\$ (23,700)	\$ (23,690)	\$ (50,257)
Transfer to library	(13,500)	(15,000)	(14,500)
Transfer to reserves and reserve funds	(144,500)	(436,234)	(221,624)
Transfer to capital fund	<u>(64,259)</u>	<u>(21,916)</u>	<u>(29,201)</u>
Net financing and transfers	<u>\$ (245,959)</u>	<u>\$ (496,840)</u>	<u>\$ (315,582)</u>
Change in current fund balance	\$ (4,076)	\$ 123	\$ (49,172)
Current fund balance at the beginning of the year	<u>4,076</u>	<u>4,076</u>	<u>53,248</u>
Current fund balance at the end of the year	<u>\$ -</u>	<u>\$ 4,199</u>	<u>\$ 4,076</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2005  
(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Revenue:		
User charges	\$ <u>71,483</u>	\$ <u>60,554</u>
Expenditure:		
Ontario Clean Water Agency billings	\$ 65,428	\$ 52,550
Hydro	<u>10,897</u>	<u>9,531</u>
	\$ <u>76,325</u>	\$ <u>62,081</u>
Net deficit for the year	\$ (4,842)	\$ (1,527)
Water fund balance at the beginning of the year	<u>1,242</u>	<u>2,769</u>
Water fund balance at the end of the year	<u><u>\$ (3,600)</u></u>	<u><u>\$ 1,242</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Capital Fund Operations

For the year ended 31 December 2005

(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Revenue:		
Grant - Ontario	\$ 163,994	\$ 32,961
Deferred revenue	<u>81,997</u>	<u>                    </u>
	<u>\$ 245,991</u>	<u>\$ 32,961</u>
Expenditure:		
General government		\$ 3,467
Transportation services	\$ 18,360	120,675
Environmental services	254,184	106,104
Recreation and cultural services	<u>                    </u>	<u>17,977</u>
Total expenditure	<u>\$ 272,544</u>	<u>\$ 248,223</u>
Net deficit for the year	<u>\$ (26,553)</u>	<u>\$ (215,262)</u>
Financing and transfers:		
Proceeds from long term debt		\$ 118,450
Transfer from current fund	\$ 21,916	29,201
Transfer from sewage fund	3,193	9,000
Transfer from reserves	<u>5,000</u>	<u>58,611</u>
	<u>\$ 30,109</u>	<u>\$ 215,262</u>
Change in capital fund balance	\$ 3,556	\$ -
Capital fund balance at the beginning of the year	<u>(3,556)</u>	<u>(3,556)</u>
Capital fund balance at the end of the year	<u><u>\$ -</u></u>	<u><u>\$ (3,556)</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and RichardsSchedule of Sewage Fund OperationsFor the year ended 31 December 2005

(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Revenue:		
User charges	\$ <u>126,469</u>	\$ <u>122,564</u>
Expenditure:		
Grant in lieu	\$ 941	\$ 887
Hydro	20,972	19,442
Materials	8,905	13,081
Ontario Clean Water Agency billings	90,361	78,051
Wages	<u>776</u>	<u>2,087</u>
	\$ <u>121,955</u>	\$ <u>113,548</u>
Net surplus for the year	\$ <u>4,514</u>	\$ <u>9,016</u>
Financing and transfers:		
Transfer to capital	\$ (3,193)	\$ (9,000)
Transfer to reserves	<u>(1,321)</u>	<u>(16)</u>
Net financing and transfers	\$ <u>(4,514)</u>	\$ <u>(9,016)</u>
Change in sewage fund balance	\$ -	\$ -
Sewage fund balance at the beginning of the year	<u>-</u>	<u>-</u>
Sewage fund balance 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 2005

(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Revenue:		
Investment income	\$ -	\$ 48
Net transfers from (to) other funds:		
Transfer from current fund	\$ 436,234	\$ 221,624
Transfer to capital fund	(5,000)	(58,611)
Transfer from sewage fund	<u>1,321</u>	<u>16</u>
	\$ <u>432,555</u>	\$ <u>163,029</u>
Change in reserves and reserve funds balance	\$ 432,555	\$ 163,077
Reserves and reserve funds at the beginning of the year	<u>1,306,655</u>	<u>1,143,578</u>
Reserves and reserve funds at the end of the year	<u>\$ 1,739,210</u>	<u>\$ 1,306,655</u>
Analyzed as follows:		
Reserves set aside for specific purposes:		
Working funds	\$ 726,557	\$ 652,611
Sewage	15,291	13,971
Waterworks system	31,503	31,503
Waste disposal	53,700	53,700
Landfill closing costs	241,180	16,680
Fire	170,789	40,789
Other capital	64,018	64,018
Killaloe Hydro infrastructure	<u>416,147</u>	<u>416,147</u>
Total reserves	\$ 1,719,185	\$ 1,289,419
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>20,025</u>	<u>17,236</u>
Total reserves and reserve funds	<u>\$ 1,739,210</u>	<u>\$ 1,306,655</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2005

(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net surplus for the year	\$ <u>459,180</u>	\$ <u>45,240</u>
Net change in non cash working capital balances related to operations:		
- decrease in taxes receivable	\$ 40,616	\$ 11,987
- increase in accounts receivable	(208,920)	(18,297)
- increase (decrease) in accounts payable	(35,016)	18,263
- increase (decrease) in deferred revenue	<u>(79,494)</u>	<u>5,324</u>
	\$ <u>(282,814)</u>	\$ <u>17,277</u>
Cash flows from operating activities	\$ <u>176,366</u>	\$ <u>62,517</u>
Cash flows from financing activities:		
Proceeds from long term debt		\$ 118,450
Long term debt repaid	\$ <u>(23,690)</u>	<u>(50,257)</u>
Cash flows from (used for) financing activities	\$ <u>(23,690)</u>	\$ <u>68,193</u>
Net increase in cash and cash equivalents during the year	\$ 152,676	\$ 130,710
Cash and cash equivalents at the beginning of the year	<u>707,019</u>	<u>576,309</u>
Cash and cash equivalents at the end of the year	<u>\$ 859,695</u>	<u>\$ 707,019</u>
Comprised of:		
Cash	<u>\$ 859,695</u>	<u>\$ 707,019</u>

(See accompanying notes)

Township of Killaloe, Hagarty and RichardsNotes to the Financial StatementsFor the year ended 31 December 2005

## 1. 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 accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

## (a) (i) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards which are under the control of Council:

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

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

## (ii) Accounting for County and School Board Transactions

The taxation, other revenues and requisitions with respect to the operations of the school boards and the County of Renfrew are not reflected in the municipal fund balances of these financial statements.

## (iii) Trust fund and its related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Fund Statement of Continuity and Balance Sheet".

## (b) Basis of Accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of interest charges on long term liabilities which are charged against operations in the periods in which they are paid. The interest charges are not accrued for the periods from the dates of the latest installment payments to the end of the financial year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2005

(iii) Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Operations" in the year of acquisition.

(iv) Amounts to be Recovered

The "Amounts to be recovered", as reported on the consolidated balance sheet, represents the outstanding principal portion of long term liabilities for municipal expenditures and the estimated landfill closure costs.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

Further to Note 1 (a) (ii), the taxation, other revenues and requisitions of the school boards and the County of Renfrew are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation and user charges	\$ 508,298	\$ 743,510
Share of payments in lieu of taxes	<u>661</u>	<u>31,656</u>
Amounts requisitioned	<u>\$ 508,959</u>	<u>\$ 775,166</u>

3. TRUST FUND

Trust fund administered by the Municipality amounting to \$ 7,465 (2004 - \$ 9,594) has not been included in the "Consolidated Balance Sheet" nor have its operations been included in the "Consolidated Statement of Operations".

4. DEFERRED REVENUE

The balance of deferred revenue shown on the "Consolidated Balance Sheet" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2005</u>	<u>2004</u>
Ontario Clean Water Agency	\$ 7,762	\$ 87,256
Shoreline	<u>6,128</u>	<u>6,128</u>
	<u>\$ 13,890</u>	<u>\$ 93,384</u>

Township of Killaloe, Hagarty and RichardsNotes to the Financial StatementsFor the year ended 31 December 2005

## 5. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities of \$ 78,967 (2004 - \$ 102,657) is made up of long term liabilities incurred by the Municipality.
- (b) The net long term liabilities reported in (a) of this Note are payable from 2006 to 2009.
- (c) Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Operations" are made up of :

	<u>2005</u>	<u>2004</u>
Principal	\$ 23,690	\$ 50,257
Interest	<u>4,002</u>	<u>3,194</u>
	<u>\$ 27,692</u>	<u>\$ 53,451</u>

## 6. LANDFILL CLOSURE AND POST CLOSURE COSTS

The landfill closure and post closure costs are the Township's estimate of the future costs of closing and monitoring the Township's landfill sites.

252 Raglan Street S.  
Renfrew, Ontario

AUDITORS' REPORT

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

We have audited the balance sheet of the Ontario Home Renewal Program trust fund of the Corporation of the Township of Killaloe, Hagarty and Richards as at 31 December 2005, and the statement of continuity of the trust fund for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Ontario Home Renewal Program trust fund of the Corporation of the Township of Killaloe, Hagarty and Richards as at 31 December 2005, and the continuity of the trust fund for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

RENFREW, Ontario.

18 January 2006.

Chartered Accountants.

Township of Killaloe, Hagarty and RichardsOntario Home Renewal Program Trust FundBalance Sheet

As at 31 December 2005  
(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 2,701	\$ 2,116
Loans receivable (Note 2)	<u>4,899</u>	<u>7,584</u>
	<u>\$ 7,600</u>	<u>\$ 9,700</u>
<u>LIABILITY AND FUND BALANCE</u>		
Due to Municipality	\$ 135	\$ 106
Fund balance	<u>7,465</u>	<u>9,594</u>
	<u>\$ 7,600</u>	<u>\$ 9,700</u>

(See accompanying notes)

Township of Killaloe, Hagarty and RichardsOntario Home Renewal Program Trust FundStatement of ContinuityFor the year ended 31 December 2005

(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Balance at the beginning of the year	\$ <u>9,594</u>	\$ <u>10,250</u>
Revenue:		
Loan interest	\$ <u>17</u>	\$ <u>214</u>
Expenditure:		
Administration	\$ 136	\$ 109
Repayment to the Province of Ontario	<u>2,010</u>	<u>761</u>
	<u>\$ 2,146</u>	<u>\$ 870</u>
Balance at the end of the year	<u>\$ 7,465</u>	<u>\$ 9,594</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Ontario Home Renewal Program Trust Fund

Notes to the Financial Statements

For the year ended 31 December 2005

1. ACCOUNTING POLICIES

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. ONTARIO HOME RENEWAL PROGRAM

Ontario Home Renewal Program loans receivable at 31 December 2005 comprise repayable loans of \$ 3,499 (2004 - \$ 6,184) and forgivable loans of \$ 1,400 (2004 - \$ 1,400). Loan forgiveness is earned and recorded at a rate of up to \$ 600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

In 1993, the Ministry of Housing announced that the Ontario Home Renewal Program was being discontinued and that all cash funds on hand at the end of each year are to be returned to the Province by 1 March of the next year. For the year ended 31 December 2005, the amount of \$ 2,566 must be returned to the Province by 1 March 2006.

252 Raglan Street S.  
Renfrew, Ontario

AUDITORS' REPORT

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

We have audited the balance sheet of the Village of Killaloe Recreation Committee as at 31 December 2005, and the statement of revenue and expenditure for the year ended. These financial statements are the responsibility of the Recreation Committee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Village of Killaloe Recreation Committee as at 31 December 2005, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

RENFREW, Ontario.

18 January 2006.

Chartered Accountants.

Village of Killaloe Recreation CommitteeBalance Sheet

As at 31 December 2005  
(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash in bank	\$ 5,221	\$ 1,836
Due from Canada	77	94
Due from Township	<u>          </u>	<u>2,131</u>
	<u>\$ 5,298</u>	<u>\$ 4,061</u>
 <u>ACCUMULATED NET REVENUE</u>		
Accumulated net revenue	<u>\$ 5,298</u>	<u>\$ 4,061</u>

(See accompanying notes)

Village of Killaloe Recreation CommitteeStatement of Revenue and ExpenditureFor the year ended 31 December 2005

(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
Revenue:		
Recreation hockey program	\$ <u>3,611</u>	\$ <u>3,011</u>
Expenditure:		
General and administration	\$ 117	
Recreation hockey program	<u>2,257</u>	\$ <u>1,648</u>
	\$ <u>2,374</u>	\$ <u>1,648</u>
Net revenue for the year	\$ 1,237	\$ 1,363
Accumulated net revenue at the beginning of the year	<u>4,061</u>	<u>2,698</u>
Accumulated net revenue at the end of the year	<u><u>\$ 5,298</u></u>	<u><u>\$ 4,061</u></u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements of the Village of Killaloe Recreation Committee are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Basis of Accounting

- (1) Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (2) The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure in the year of acquisition.

252 Raglan Street S.  
Renfrew, Ontario

AUDITORS' REPORT

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

We have audited the balance sheet of the Killaloe & District Public Library Board as at 31 December 2005, and the statement of revenue and expenditure for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the fines, donations, fund raising and sundry referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Killaloe & District Public Library Board as at 31 December 2005, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

RENFREW, Ontario.

18 January 2006.

Chartered Accountants.

Killaloe & District Public Library BoardBalance Sheet

As at 31 December 2005  
(with 2004 figures for comparison)

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 9,663	\$ 3,740
Due from Canada	<u>639</u>	<u>539</u>
	<u>\$ 10,302</u>	<u>\$ 4,279</u>
<u>LIABILITIES AND ACCUMULATED NET REVENUE</u>		
Current liabilities:		
Accounts payable	\$ 1,000	\$ 1,000
Due to Ontario	<u>3,162</u>	<u>          </u>
	\$ 4,162	\$ 1,000
Accumulated net revenue	<u>6,140</u>	<u>3,279</u>
	<u>\$ 10,302</u>	<u>\$ 4,279</u>

(See accompanying notes)

## Killaloe &amp; District Public Library Board

## Statement of Revenue and Expenditure

For the year ended 31 December 2005

(with 2005 budget and 2004 actual figures for comparison)

	Budget 2005	Actual 2005	Actual 2004
Accumulated net revenue at the beginning of the year	\$ 3,279	\$ 3,279	\$ 3,587
Revenue:			
Grants - Ontario Library	\$ 6,824	\$ 6,824	\$ 6,824
- Pay Equity	1,312	1,312	1,312
- Human Resources Development	500	1,119	1,073
- Ontario Trillium Foundation			6,742
- Sustainability	2,500	2,592	4,000
- CAP Grant		2,516	
Services sold to other library boards	4,148	4,148	4,148
Fines, donations, fund raising and sundry	9,042	10,634	10,532
	<u>\$ 24,326</u>	<u>\$ 29,145</u>	<u>\$ 34,631</u>
Expenditure:			
Advertising	\$ 350	\$ 469	\$ 527
Audit	1,500	1,500	1,000
Books	3,900	4,334	4,408
Fund raising	50	165	12
Postage and office	1,166	1,050	1,220
Programs and sundry	1,075	671	1,441
Supplies and furniture	1,750	2,003	1,642
Sustainability grant expenses	2,500	2,445	4,047
Trillium grant expenses			6,742
Wages	26,035	28,647	28,400
	<u>\$ 38,326</u>	<u>\$ 41,284</u>	<u>\$ 49,439</u>
Net deficit for the year	\$ (14,000)	\$ (12,139)	\$ (14,808)
Financing and transfers:			
Transfer from current fund	14,000	15,000	14,500
Change in library fund balance	\$ -	\$ 2,861	\$ (308)
Accumulated net revenue at the end of the year	<u>\$ 3,279</u>	<u>\$ 6,140</u>	<u>\$ 3,279</u>

(See accompanying notes)

MACKILLICAN &amp; ASSOCIATES

CHARTERED ACCOUNTANTS

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements of the Killaloe & District Public Library Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Basis of Accounting

- (1) Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (2) The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure in the year of acquisition.