

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 consolidated balance sheet of the Corporation of the Township of Killaloe, Hagarty and Richards as at 31 December 2003, 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 2003, 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.

MacKilligan & Associates

RENFREW, Ontario.

16 January 2004.

Chartered Accountants.

Township of Killaloe, Hagarty and Richards

Consolidated Balance Sheet

As at 31 December 2003
(with 2002 figures for comparison)

	2003	2002
ASSETS		
Cash	\$ 590,059	\$ 323,049
Taxes receivable	403,423	375,767
Accounts receivable	76,192	66,104
Investment in Ottawa River Power Corporation	358,895	358,895
Ontario Clean Water Agency - reserve fund	<u> </u>	<u>14,070</u>
	<u>\$ 1,428,569</u>	<u>\$ 1,137,885</u>
LIABILITIES AND MUNICIPAL POSITION		
Temporary loans - current purposes	\$ 13,750	\$ 28,750
Accounts payable and accrued liabilities	124,435	108,769
Deferred revenue (Note 4)	88,060	10,902
Net long term liabilities (Note 5)	34,464	55,164
Landfill closure and post closure costs (Note 6)	<u>352,300</u>	<u>342,300</u>
	<u>\$ 613,009</u>	<u>\$ 545,885</u>
Municipal position:		
Fund balances:		
Current fund	\$ 53,248	\$ 136
Library board	3,587	5,058
Village of Killaloe Recreation Committee	2,698	2,698
Water fund	2,769	3,948
Capital fund	(3,556)	(3,556)
Discretionary reserve fund	10,998	5,509
Reserves	<u>1,132,580</u>	<u>975,671</u>
Total fund balances	<u>\$ 1,202,324</u>	<u>\$ 989,464</u>
Amounts to be recovered: (Note 1(b) (iv))		
Long term liabilities	\$ (34,464)	\$ (55,164)
Landfill closure and post closure costs	<u>(352,300)</u>	<u>(342,300)</u>
Total amounts to be recovered	<u>\$ (386,764)</u>	<u>\$ (397,464)</u>
Municipal position	<u>\$ 815,560</u>	<u>\$ 592,000</u>
	<u>\$ 1,428,569</u>	<u>\$ 1,137,885</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES
CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Operations

For the year ended 31 December 2003

(with 2003 budget and 2002 actual figures for comparison)

	Budget 2003	Actual 2003	Actual 2002
Revenue:			
Taxation and user charges	\$ 1,256,339	\$ 1,261,672	\$ 1,183,024
Transfer payments:			
Ontario	519,130	337,688	592,530
Canada	5,955	6,182	6,296
Other municipalities	5,256	8,626	5,648
Other	<u>276,133</u>	<u>299,509</u>	<u>212,065</u>
	<u>\$ 2,062,813</u>	<u>\$ 1,913,677</u>	<u>\$ 1,999,563</u>
Expenditure:			
Current:			
General government	\$ 388,894	\$ 328,482	\$ 312,810
Protection to persons and property	356,748	333,574	319,484
Transportation services	407,264	416,382	354,365
Environmental services	326,550	347,906	308,364
Recreation and cultural services	73,284	70,147	63,610
Planning and development	<u>1,700</u>	<u> </u>	<u>1,795</u>
	<u>\$ 1,554,440</u>	<u>\$ 1,496,491</u>	<u>\$ 1,360,428</u>
Capital:			
General government		\$ 7,928	
Protection to persons and property	\$ 38,126	18,126	
Transportation services	55,000	55,056	
Environmental services	331,830	42,447	
Recreation and cultural services	<u>51,000</u>	<u>60,069</u>	<u>\$ 5,000</u>
	<u>\$ 475,956</u>	<u>\$ 183,626</u>	<u>\$ 5,000</u>
	<u>\$ 2,030,396</u>	<u>\$ 1,680,117</u>	<u>\$ 1,365,428</u>
Net surplus for the year	\$ 32,417	\$ 233,560	\$ 634,135
Less: debt principal payments	<u>(20,700)</u>	<u>(20,700)</u>	<u>(20,700)</u>
Change in fund balances for the year	<u>\$ 11,717</u>	<u>\$ 212,860</u>	<u>\$ 613,435</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 2003

(with 2003 budget and 2002 actual figures for comparison)

	Budget 2003	Actual 2003	Actual 2002
Revenue:			
Net municipal taxation	\$ 1,073,139	\$ 1,078,805	\$ 1,000,412
Transfer payments:			
Ontario	512,700	331,000	581,100
Canada	3,900	5,128	4,241
Other municipalities		4,478	1,500
Other	<u>271,640</u>	<u>290,628</u>	<u>207,486</u>
	<u>\$ 1,861,379</u>	<u>\$ 1,710,039</u>	<u>\$ 1,794,739</u>
Expenditure:			
General government	\$ 388,894	\$ 328,482	\$ 312,810
Protection to persons and property	356,748	333,574	319,484
Transportation services	407,264	416,382	354,365
Environmental services	143,350	188,966	137,734
Recreation and cultural services	43,050	34,905	34,664
Planning and development	<u>1,700</u>		<u>1,795</u>
	<u>\$ 1,341,006</u>	<u>\$ 1,302,309</u>	<u>\$ 1,160,852</u>
Net surplus for the year	<u>\$ 520,373</u>	<u>\$ 407,730</u>	<u>\$ 633,887</u>
Financing and transfers:			
Debt principal payments	\$ (20,700)	\$ (20,700)	\$ (20,700)
Transfer to library	(12,000)	(13,000)	(12,000)
Transfer to reserves and reserve funds	(11,717)	(160,891)	(552,149)
Transfer to capital	<u>(475,956)</u>	<u>(160,027)</u>	
Net financing and transfers	<u>\$ (520,373)</u>	<u>\$ (354,618)</u>	<u>\$ (584,849)</u>
Change in current fund balance	\$ -	\$ 53,112	\$ 49,038
Current fund balance at the beginning of the year	<u>136</u>	<u>136</u>	<u>(48,902)</u>
Current fund balance at the end of the year	<u>\$ 136</u>	<u>\$ 53,248</u>	<u>\$ 136</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2003
(with 2002 figures for comparison)

	2003	2002
Revenue:		
User charges	\$ <u>60,594</u>	\$ <u>60,494</u>
Expenditure:		
Ontario Clean Water Agency billings	\$ 52,627	\$ 54,164
Hydro	<u>9,146</u>	<u>7,623</u>
	\$ <u>61,773</u>	\$ <u>61,787</u>
Net deficit for the year	\$ (1,179)	\$ (1,293)
Water fund balance at the beginning of the year	<u>3,948</u>	<u>5,241</u>
Water fund balance at the end of the year	<u><u>2,769</u></u>	<u><u>3,948</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Capital Fund Operations

For the year ended 31 December 2003
(with 2002 figures for comparison)

	2003	2002
Revenue:		
Grant - Ontario	\$ <u> -</u>	\$ <u> 5,000</u>
Expenditure:		
General government	\$ 7,928	
Protection to persons and property	18,126	
Transportation services	55,056	
Environmental services	42,447	
Recreation and cultural services	<u> 60,069</u>	\$ <u> 5,000</u>
Total expenditure	\$ <u> 183,626</u>	\$ <u> 5,000</u>
Net surplus (deficit) for the year	\$ <u> (183,626)</u>	\$ <u> -</u>
Financing and transfers:		
Transfer from the current fund	\$ 160,027	\$ -
Transfer from the sewage fund	<u> 23,599</u>	<u> -</u>
	\$ <u> 183,626</u>	\$ <u> -</u>
Change in the capital fund balance	\$ -	\$ -
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> (3,556)</u>	\$ <u> (3,556)</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2003

(with 2002 figures for comparison)

	2003	2002
Revenue:		
User charges	\$ <u>122,273</u>	\$ <u>122,118</u>
Expenditure:		
Grant in lieu	\$ 924	\$ 592
Hydro	16,488	17,523
Materials	3,366	1,166
Ontario Clean Water Agency billings	76,117	89,037
Wages	<u>228</u>	<u>525</u>
	\$ <u>97,123</u>	\$ <u>108,843</u>
Net surplus for the year	\$ <u>25,150</u>	\$ <u>13,275</u>
Financing and transfers:		
Transfer to capital	\$ (23,599)	
Transfer to reserves	<u>(1,551)</u>	\$ <u>(12,404)</u>
Net financing and transfers	\$ <u>(25,150)</u>	\$ <u>(12,404)</u>
Change in sewage fund balance	\$ -	\$ 871
Sewage fund balance at the beginning of the year	<u> </u>	<u>(871)</u>
Sewage fund balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and Richards

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2003
(with 2002 figures for comparison)

	2003	2002
Expenditure:		
Bank charges	\$ 44	\$ -
Net transfers to other funds:		
Transfer from current fund	\$ 160,891	\$ 552,149
Transfer from sewage fund	<u>1,551</u>	<u>12,404</u>
	\$ <u>162,442</u>	\$ <u>564,553</u>
Change in reserves and reserve funds balance	\$ 162,398	\$ 564,553
Reserves and reserve funds at the beginning of the year	<u>981,180</u>	<u>416,627</u>
Reserves and reserve funds at the end of the year	\$ <u>1,143,578</u>	\$ <u>981,180</u>
Analyzed as follows:		
Reserves set aside for specific purposes:		
Working funds	\$ 529,099	\$ 497,439
Sewage	13,955	12,404
Waterworks system	49,681	49,681
Waste disposal	23,000	
Landfill closing costs	16,680	
Fire	20,000	
Other capital	64,018	
Killaloe Hydro infrastructure	<u>416,147</u>	<u>416,147</u>
Total reserves	\$ 1,132,580	\$ 975,671
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>10,998</u>	<u>5,509</u>
Total reserves and reserve funds	\$ <u>1,143,578</u>	\$ <u>981,180</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2003
(with 2002 figures for comparison)

	2003	2002
Cash flows from operating activities:		
Net surplus for the year	\$ 233,560	\$ 634,135
Net change in non cash working capital balances related to operations (Note 7)	<u>69,150</u>	<u>23,601</u>
Cash flows from operating activities	\$ 302,710	\$ 657,736
Cash flows from financing activities:		
Long term debt repaid	<u>(20,700)</u>	<u>(20,700)</u>
Net increase in cash and cash equivalents during the year	\$ 282,010	\$ 637,036
Cash and cash equivalents at the beginning of the year	<u>294,299</u>	<u>(342,737)</u>
Cash and cash equivalents at the end of the year	\$ <u><u>576,309</u></u>	\$ <u><u>294,299</u></u>
Comprised of:		
Cash	\$ 590,059	\$ 323,049
Temporary loans - current purposes	<u>(13,750)</u>	<u>(28,750)</u>
	\$ <u><u>576,309</u></u>	\$ <u><u>294,299</u></u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and RichardsNotes to the Financial StatementsFor the year ended 31 December 2003

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 2003

(iii) Fixed Assets

The historical cost and accumulated amortization of fixed assets are not recorded for municipal purposes. Fixed 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:

	School Boards	County
Taxation and user charges	\$ 526,791	\$ 661,871
Share of payments in lieu of taxes	<u>1,058</u>	<u>29,159</u>
Amounts requisitioned	<u>\$ 527,849</u>	<u>\$ 691,030</u>

3. TRUST FUND

Trust fund administered by the Municipality amounting to \$ 10,250 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:

	2003	2002
Ontario Clean Water Agency	\$ 81,932	\$ 10,466
Shoreline	<u>6,128</u>	<u>436</u>
	<u>\$ 88,060</u>	<u>\$ 10,902</u>

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2003

5. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities of \$ 34,464 (2002 - \$ 55,164) 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 2004 to 2006.
- (c) Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Operations" are made up of :

	2003	2002
Principal	\$ 20,700	\$ 20,700
Interest	<u>2,148</u>	<u>2,763</u>
	<u>\$ 22,848</u>	<u>\$ 23,463</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.

7. The net change in non cash working capital balances related to operations consists of changes in taxes receivable, accounts receivable, Ontario Clean Water Agency - reserve fund, accounts payable and accrued liabilities and deferred revenue.

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

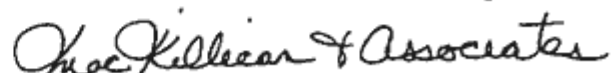
AUDITORS' REPORT

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 2003, 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 2003, 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.

16 January 2004.

Chartered Accountants.

Township of Killaloe, Hagarty and Richards

Ontario Home Renewal Program Trust Fund

Balance Sheet

As at 31 December 2003
(with 2002 figures for comparison)

	2003	2002
ASSETS		
Cash	\$ 802	\$ 889
Loans receivable (Note 2)	<u>9,489</u>	<u>14,350</u>
	<u>\$ 10,291</u>	<u>\$ 15,239</u>
LIABILITY AND FUND BALANCE		
Due to municipality	\$ 41	\$ 45
Fund balance	<u>10,250</u>	<u>15,194</u>
	<u>\$ 10,291</u>	<u>\$ 15,239</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and Richards

Ontario Home Renewal Program Trust Fund

Statement of Continuity

For the year ended 31 December 2003
(with 2002 figures for comparison)

	2003	2002
Balance at the beginning of the year	\$ <u>15,194</u>	\$ <u>16,509</u>
Revenue:		
Loan interest	\$ <u>235</u>	\$ <u>311</u>
Expenditure:		
Administration	\$ 54	\$ 56
Loans forgiven		435
Loan written off	4,282	
Repayment to the Province of Ontario	<u>843</u>	<u>1,135</u>
	\$ <u>5,179</u>	\$ <u>1,626</u>
Balance at the end of the year	\$ <u><u>10,250</u></u>	\$ <u><u>15,194</u></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 2003

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 2003 comprise repayable loans of \$ 8,089 (2002 - \$ 12,950) and forgivable loans of \$ 1,400 (2002 - \$ 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 2003, the amount of \$ 761 must be returned to the Province by 1 March 2004.

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

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 2003. This financial statement is the responsibility of the Recreation Committee's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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, this financial statement presents fairly, in all material respects, the financial position of the Village of Killaloe Recreation Committee as at 31 December 2003, in accordance with the accounting principles disclosed in Note 1 to the financial statement.

Mackilligan & Associates

RENFREW, Ontario.

16 January 2004.

Chartered Accountants.

Village of Killaloe Recreation Committee

Balance Sheet

As at 31 December 2003
(with 2002 figures for comparison)

	2003	2002
ASSETS		
Cash in bank	\$ 567	\$ 567
Due from Township	<u>2,131</u>	<u>2,131</u>
	<u>\$ 2,698</u>	<u>\$ 2,698</u>
ACCUMULATED NET REVENUE		
Accumulated net revenue	<u>\$ 2,698</u>	<u>\$ 2,698</u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Notes to the Financial Statement

For the year ended 31 December 2003

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 fixed assets are not reported for municipal purposes.

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

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 2003, 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 2003, 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.

Mackilligan & Associates

RENFREW, Ontario.

16 January 2004.

Chartered Accountants.

Killaloe & District Public Library Board

Balance Sheet

As at 31 December 2003
(with 2002 figures for comparison)

	2003	2002
ASSETS		
Cash on hand and in bank	\$ 11,413	\$ 5,449
Due from Canada	<u> </u>	<u>609</u>
	<u>\$ 11,413</u>	<u>\$ 6,058</u>
LIABILITIES AND ACCUMULATED NET REVENUE		
Current liabilities:		
Accounts payable	\$ 1,000	\$ 1,000
Due to Canada	84	
Due to Ontario Trillium Foundation (Note 2)	<u>6,742</u>	<u> </u>
	\$ 7,826	\$ 1,000
Accumulated net revenue	<u>3,587</u>	<u>5,058</u>
	<u>\$ 11,413</u>	<u>\$ 6,058</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Killaloe & District Public Library Board

Statement of Revenue and Expenditure

For the year ended 31 December 2003

(with 2003 budget and 2002 actual figures for comparison)

	Budget 2003	Actual 2003	Actual 2002
Accumulated net revenue at the beginning of the year	\$ 5,058	\$ 5,058	\$ 4,792
Revenue:			
Grants - Ontario Library	\$ 5,118	\$ 5,118	\$ 5,118
- Pay Equity	1,312	1,312	1,312
- Human Resources Development	2,055	1,054	2,055
- Ontario Trillium Foundation		258	
Services sold to other library boards	5,256	4,148	4,148
Fines, donations, fund raising and sundry	4,493	8,881	4,579
	<u>\$ 18,234</u>	<u>\$ 20,771</u>	<u>\$ 17,212</u>
Expenditure:			
Advertising	\$ 600	\$ 477	\$ 109
Audit		1,000	1,200
Books	6,997	4,455	4,751
Fund raising		59	351
Postage and office	857	1,021	1,118
Programs and sundry	1,450	1,757	1,358
Supplies and furniture	1,250	1,061	1,664
Trillium grant expenses		258	
Wages	18,080	25,154	18,395
	<u>\$ 29,234</u>	<u>\$ 35,242</u>	<u>\$ 28,946</u>
Net deficit for the year	\$ (11,000)	\$ (14,471)	\$ (11,734)
Financing and transfers:			
Transfer from current fund	11,000	13,000	12,000
Change in library fund balance	\$ -	\$ (1,471)	\$ 266
Accumulated net revenue at the end of the year	<u>\$ 5,058</u>	<u>\$ 3,587</u>	<u>\$ 5,058</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2003

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 fixed assets are not reported for municipal purposes.

2. DUE TO ONTARIO TRILLIUM FOUNDATION.

The balance of \$ 6,742 represents the balance of a \$ 7,000 grant received from the Ontario Trillium Foundation to help towards the automation of the library. The balance of this grant will be used towards the automation of the library in 2004.