

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 2006, 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 2006, 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.

17 January 2007.

Chartered Accountants.

Township of Killaloe, Hagarty and Richards

Consolidated Balance Sheet

As at 31 December 2006
(with 2005 figures for comparison)

	2006	2005
<u>ASSETS</u>		
Cash	\$ 995,014	\$ 859,695
Taxes receivable	430,213	350,820
Accounts receivable	465,369	303,409
Investment in Ottawa River Power Corporation	<u>358,895</u>	<u>358,895</u>
	<u>\$ 2,249,491</u>	<u>\$ 1,872,819</u>
<u>LIABILITIES AND MUNICIPAL POSITION</u>		
Accounts payable and accrued liabilities	\$ 112,307	\$ 107,682
Deferred revenue (Note 4)	56,924	13,890
Net long term liabilities (Note 5)	55,277	78,967
Landfill closure and post closure costs (Note 6)	<u>352,300</u>	<u>352,300</u>
	<u>\$ 576,808</u>	<u>\$ 552,839</u>
Municipal position:		
Fund balances:		
Current fund	\$ 5,481	\$ 4,199
Library board	16,588	6,140
Village of Killaloe Recreation Committee	8,863	5,298
Water fund	(5,359)	(3,600)
Discretionary reserve fund	27,137	20,025
Reserves	<u>2,027,550</u>	<u>1,719,185</u>
Total fund balances	<u>\$ 2,080,260</u>	<u>\$ 1,751,247</u>
Amounts to be recovered: (Note 1(b) (iv))		
Long term liabilities	\$ (55,277)	\$ (78,967)
Landfill closure and post closure costs	<u>(352,300)</u>	<u>(352,300)</u>
Total amounts to be recovered	<u>\$ (407,577)</u>	<u>\$ (431,267)</u>
Municipal position	<u>\$ 1,672,683</u>	<u>\$ 1,319,980</u>
	<u>\$ 2,249,491</u>	<u>\$ 1,872,819</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Operations

For the year ended 31 December 2006

(with 2006 budget and 2005 actual figures for comparison)

	Budget 2006	Actual 2006	Actual 2005
Revenue:			
Taxation and user charges	\$ 1,633,737	\$ 1,640,614	\$ 1,403,712
Transfer payments:			
Ontario	740,019	721,926	701,836
Canada	14,300	12,897	5,462
Other municipalities	8,448	5,562	9,337
Other	<u>264,150</u>	<u>282,402</u>	<u>338,930</u>
	<u>\$ 2,660,654</u>	<u>\$ 2,663,401</u>	<u>\$ 2,459,277</u>
Expenditure:			
Current:			
General government	\$ 443,851	\$ 437,690	\$ 369,249
Protection to persons and property	455,471	417,802	352,593
Transportation services	579,312	566,396	519,615
Environmental services	746,981	440,474	406,488
Health services		7,500	
Recreation and cultural services	92,922	99,624	78,774
Planning and development	<u>5,000</u>	<u>9,625</u>	<u>834</u>
	<u>\$ 2,323,537</u>	<u>\$ 1,979,111</u>	<u>\$ 1,727,553</u>
Capital:			
General government	\$ 50,000		
Protection to persons and property	181,097	\$ 21,000	
Transportation services	192,340	192,340	\$ 18,360
Environmental services	149,981	118,247	254,184
Recreation and cultural services	<u>8,203</u>		
	<u>\$ 581,621</u>	<u>\$ 331,587</u>	<u>\$ 272,544</u>
	<u>\$ 2,905,158</u>	<u>\$ 2,310,698</u>	<u>\$ 2,000,097</u>
Net surplus (deficit) for the year	\$ (244,504)	\$ 352,703	\$ 459,180
Financing and transfers:			
Debt principal payments	<u>(23,695)</u>	<u>(23,690)</u>	<u>(23,690)</u>
Change in fund balances for the year	<u>\$ (268,199)</u>	<u>\$ 329,013</u>	<u>\$ 435,490</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 2006

(with 2006 budget and 2005 actual figures for comparison)

	<u>Budget 2006</u>	<u>Actual 2006</u>	<u>Actual 2005</u>
Revenue:			
Net municipal taxation	\$ 1,398,249	\$ 1,406,983	\$ 1,205,760
Transfer payments:			
Ontario	612,695	609,845	524,598
Canada	4,300	2,897	4,343
Other municipalities	4,300	1,239	5,189
Other	<u>249,250</u>	<u>255,480</u>	<u>242,688</u>
	<u>\$ 2,268,794</u>	<u>\$ 2,276,444</u>	<u>\$ 1,982,578</u>
Expenditure:			
General government	\$ 443,851	\$ 437,690	\$ 369,249
Protection to persons and property	455,471	417,802	352,593
Transportation services	579,312	566,396	519,615
Environmental services	511,493	210,504	208,208
Health services		7,500	
Recreation and cultural services	40,550	43,419	35,116
Planning and development	<u>5,000</u>	<u>9,625</u>	<u>834</u>
	<u>\$ 2,035,677</u>	<u>\$ 1,692,936</u>	<u>\$ 1,485,615</u>
Net surplus for the year	<u>\$ 233,117</u>	<u>\$ 583,508</u>	<u>\$ 496,963</u>
Financing and transfers:			
Debt principal payments	\$ (23,695)	\$ (23,690)	\$ (23,690)
Transfer to library	(13,500)	(16,723)	(15,000)
Transfer from (to) reserves and reserve funds	24,500	(410,057)	(436,234)
Transfer to capital fund	<u>(224,621)</u>	<u>(131,756)</u>	<u>(21,916)</u>
Net financing and transfers	<u>\$ (237,316)</u>	<u>\$ (582,226)</u>	<u>\$ (496,840)</u>
Change in current fund balance	\$ (4,199)	\$ 1,282	\$ 123
Current fund balance at the beginning of the year	<u>4,199</u>	<u>4,199</u>	<u>4,076</u>
Current fund balance at the end of the year	<u>\$ -</u>	<u>\$ 5,481</u>	<u>\$ 4,199</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 2006

(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Revenue:		
User charges	\$ <u>101,965</u>	\$ <u>71,483</u>
Expenditure:		
Ontario Clean Water Agency billings	\$ 91,829	\$ 65,428
Hydro	<u>11,895</u>	<u>10,897</u>
	\$ <u>103,724</u>	\$ <u>76,325</u>
Net deficit for the year	\$ (1,759)	\$ (4,842)
Water fund balance at the beginning of the year	<u>(3,600)</u>	<u>1,242</u>
Water fund balance at the end of the year	<u><u>\$ (5,359)</u></u>	<u><u>\$ (3,600)</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Capital Fund Operations

For the year ended 31 December 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Revenue:		
Grant - Ontario	\$ 78,831	\$ 163,994
- Canada	10,000	
Deferred revenue	<u>11,000</u>	<u>81,997</u>
	<u>\$ 99,831</u>	<u>\$ 245,991</u>
Expenditure:		
Transportation services	\$ 192,340	\$ 18,360
Protection services	21,000	
Environmental services	<u>118,247</u>	<u>254,184</u>
Total expenditure	<u>\$ 331,587</u>	<u>\$ 272,544</u>
Net deficit for the year	<u>\$ (231,756)</u>	<u>\$ (26,553)</u>
Financing and transfers:		
Transfer from current fund	\$ 131,756	\$ 21,916
Transfer from sewage fund		3,193
Transfer from reserves	<u>100,000</u>	<u>5,000</u>
	<u>\$ 231,756</u>	<u>\$ 30,109</u>
Change in capital fund balance	\$ -	\$ 3,556
Capital fund balance at the beginning of the year	<u>-</u>	<u>(3,556)</u>
Capital fund balance at the end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and RichardsSchedule of Sewage Fund OperationsFor the year ended 31 December 2006

(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Revenue:		
User charges	\$ <u>131,666</u>	\$ <u>126,469</u>
Expenditure:		
Grant in lieu	\$ 963	\$ 941
Hydro	25,357	20,972
Materials	13,892	8,905
Ontario Clean Water Agency billings	86,020	90,361
Wages	<u>14</u>	<u>776</u>
	\$ <u>126,246</u>	\$ <u>121,955</u>
Net surplus for the year	\$ <u>5,420</u>	\$ <u>4,514</u>
Financing and transfers:		
Transfer to capital		\$ (3,193)
Transfer to reserves	\$ <u>(5,420)</u>	<u>(1,321)</u>
Net financing and transfers	\$ <u>(5,420)</u>	\$ <u>(4,514)</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 2006

(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Net transfers from (to) other funds:		
Transfer from current fund	\$ 410,057	\$ 436,234
Transfer to capital fund	(100,000)	(5,000)
Transfer from sewage fund	<u>5,420</u>	<u>1,321</u>
Change in reserves and reserve funds balance	\$ 315,477	\$ 432,555
Reserves and reserve funds at the beginning of the year	<u>1,739,210</u>	<u>1,306,655</u>
Reserves and reserve funds at the end of the year	<u>\$ 2,054,687</u>	<u>\$ 1,739,210</u>
Analyzed as follows:		
Reserves set aside for specific purposes:		
Working funds	\$ 679,502	\$ 726,557
Sewage	20,711	15,291
Waterworks system	31,503	31,503
Waste disposal	303,700	53,700
Landfill closing costs	291,180	241,180
Fire	170,789	170,789
Other capital	114,018	64,018
Killaloe Hydro infrastructure	<u>416,147</u>	<u>416,147</u>
Total reserves	\$ 2,027,550	\$ 1,719,185
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>27,137</u>	<u>20,025</u>
Total reserves and reserve funds	<u>\$ 2,054,687</u>	<u>\$ 1,739,210</u>

(See accompanying notes)

Township of Killaloe, Hagarty and RichardsConsolidated Statement of Cash FlowsFor the year ended 31 December 2006

(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Net surplus for the year	\$ <u>352,703</u>	\$ <u>459,180</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (79,393)	\$ 40,616
- increase in accounts receivable	(161,960)	(208,920)
- increase (decrease) in accounts payable	4,625	(35,016)
- increase (decrease) in deferred revenue	<u>43,034</u>	<u>(79,494)</u>
	\$ <u>(193,694)</u>	\$ <u>(282,814)</u>
Cash flows from operating activities	\$ <u>159,009</u>	\$ <u>176,366</u>
Cash flows from financing activities:		
Long term debt repaid	\$ <u>(23,690)</u>	\$ <u>(23,690)</u>
Net increase in cash and cash equivalents during the year	\$ 135,319	\$ 152,676
Cash and cash equivalents at the beginning of the year	<u>859,695</u>	<u>707,019</u>
Cash and cash equivalents at the end of the year	\$ <u><u>995,014</u></u>	\$ <u><u>859,695</u></u>
Comprised of:		
Cash	\$ <u><u>995,014</u></u>	\$ <u><u>859,695</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and RichardsNotes to the Financial StatementsFor the year ended 31 December 2006**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 RichardsNotes to the Financial StatementsFor the year ended 31 December 2006

(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	\$ 562,719	\$ 851,292
Share of payments in lieu of taxes	<u>269</u>	<u>30,903</u>
Amounts requisitioned	<u>\$ 562,988</u>	<u>\$ 882,195</u>

3. TRUST FUND

Trust fund administered by the Municipality amounting to \$ 4,666 (2005 - \$ 7,465) 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>2006</u>	<u>2005</u>
Ontario Clean Water Agency	\$ 46	\$ 7,762
Shoreline	8,403	6,128
Gasoline Tax - Province	<u>48,475</u>	<u> </u>
	<u>\$ 56,924</u>	<u>\$ 13,890</u>

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Township of Killaloe, Hagarty and RichardsNotes to the Financial StatementsFor the year ended 31 December 2006

5. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities of \$ 55,277 (2005 - \$ 78,967) 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 2007 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>2006</u>	<u>2005</u>
Principal	\$ 23,690	\$ 23,690
Interest	<u>3,879</u>	<u>4,002</u>
	<u>\$ 27,569</u>	<u>\$ 27,692</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 2006, 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 2006, 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.

17 January 2007.

Chartered Accountants.

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

As at 31 December 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 423	\$ 2,701
Loans receivable (Note 2)	<u>4,483</u>	<u>4,899</u>
	<u>\$ 4,906</u>	<u>\$ 7,600</u>
<u>LIABILITY AND FUND BALANCE</u>		
Due to Municipality	\$ 240	\$ 135
Fund balance	<u>4,666</u>	<u>7,465</u>
	<u>\$ 4,906</u>	<u>\$ 7,600</u>

(See accompanying notes)

Township of Killaloe, Hagarty and RichardsOntario Home Renewal Program Trust FundStatement of ContinuityFor the year ended 31 December 2006

(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Balance at the beginning of the year	\$ <u>7,465</u>	\$ <u>9,594</u>
Revenue:		
Loan interest	\$ <u>18</u>	\$ <u>17</u>
Expenditure:		
Administration	\$ 251	\$ 136
Repayment to the Province of Ontario	<u>2,566</u>	<u>2,010</u>
	<u>\$ 2,817</u>	<u>\$ 2,146</u>
Balance at the end of the year	<u>\$ 4,666</u>	<u>\$ 7,465</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 2006

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 2006 comprise repayable loans of \$ 3,083 (2005 - \$ 3,499) and forgivable loans of \$ 1,400 (2005 - \$ 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 2006, the amount of \$ 184 must be returned to the Province by 1 March 2007.

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 2006, 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.

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 such organizations, the Committee derives revenue from fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Village of Killaloe Recreation Committee and we were not able to determine whether any adjustments might be necessary to fundraising activities, 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 fundraising activities referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Village of Killaloe Recreation Committee as at 31 December 2006, 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.

17 January 2007.

Chartered Accountants.

Village of Killaloe Recreation CommitteeBalance Sheet

As at 31 December 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash in bank	\$ 9,085	\$ 5,221
Due from Canada	<u>58</u>	<u>77</u>
	<u>\$ 9,143</u>	<u>\$ 5,298</u>
<u>LIABILITIES AND ACCUMULATED NET REVENUE</u>		
Current liabilities:		
Accounts payable	\$ 280	\$ -
Accumulated net revenue	<u>8,863</u>	<u>5,298</u>
	<u>\$ 9,143</u>	<u>\$ 5,298</u>

(See accompanying notes)

Village of Killaloe Recreation CommitteeStatement of Revenue and ExpenditureFor the year ended 31 December 2006

(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
Revenue:		
True Sport Foundation Grant	\$ 6,250	
Recreation hockey program	805	\$ 3,611
Fundraising	<u>130</u>	<u> </u>
	<u>\$ 7,185</u>	<u>\$ 3,611</u>
Expenditure:		
General and administration		\$ 117
Recreation hockey program	<u>\$ 3,620</u>	<u>2,257</u>
	<u>\$ 3,620</u>	<u>\$ 2,374</u>
Net revenue for the year	\$ 3,565	\$ 1,237
Accumulated net revenue at the beginning of the year	<u>5,298</u>	<u>4,061</u>
Accumulated net revenue at the end of the year	<u><u>\$ 8,863</u></u>	<u><u>\$ 5,298</u></u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2006

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 2006, 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, fundraising and sundry, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Killaloe & District Public Library Board and we were not able to determine whether any adjustments might be necessary to fines, donations, fundraising and sundry, assets and accumulated 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, fundraising 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 2006, 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.

17 January 2007.

Chartered Accountants.

Killaloe & District Public Library BoardBalance Sheet

As at 31 December 2006
(with 2005 figures for comparison)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 15,945	\$ 9,663
Due from Canada	1,111	639
Due from Ontario	<u>1,616</u>	<u> </u>
	<u>\$ 18,672</u>	<u>\$ 10,302</u>
<u>LIABILITIES AND ACCUMULATED NET REVENUE</u>		
Current liabilities:		
Accounts payable	\$ 2,084	\$ 1,000
Due to Ontario	<u> </u>	<u>3,162</u>
	\$ 2,084	\$ 4,162
Accumulated net revenue	<u>16,588</u>	<u>6,140</u>
	<u>\$ 18,672</u>	<u>\$ 10,302</u>

(See accompanying notes)

Killaloe & District Public Library Board

Statement of Revenue and Expenditure

For the year ended 31 December 2006

(with 2006 budget and 2005 actual figures for comparison)

	Budget 2006	Actual 2006	Actual 2005
Accumulated net revenue at the beginning of the year	\$ 6,140	\$ 6,140	\$ 3,279
Revenue:			
Grants - Ontario Library	\$ 6,824	\$ 6,824	\$ 6,824
- Pay Equity	1,312	1,312	1,312
- Human Resources Development			1,119
- Ontario Trillium Foundation	4,600	4,600	
- Sustainability	4,261	4,262	2,592
- CAP Grant	2,177	4,514	2,516
- Ministry of Culture Grant	10,500	10,500	
- Connectivity Grant	650	638	
- Summer Jobs Service Grant		600	
Services sold to other library boards	4,148	4,323	4,148
Fines, donations, fundraising and sundry	7,900	8,737	10,634
	\$ 42,372	\$ 46,310	\$ 29,145
Expenditure:			
Advertising	\$ 206	\$ 194	\$ 469
Audit	1,500	1,500	1,500
Books	2,791	2,605	4,334
Expansion project		3,842	
Fundraising	154	19	165
Postage and office	1,281	1,265	1,050
Programs and sundry	1,150	1,183	671
Supplies and furniture	4,321	3,926	2,003
Sustainability grant expenses	4,261	4,136	2,445
Trillium grant expenses	4,600	4,546	
Wages	26,608	29,369	28,647
	\$ 46,872	\$ 52,585	\$ 41,284
Net deficit for the year	\$ (4,500)	\$ (6,275)	\$ (12,139)
Financing and transfers:			
Transfer from current fund	15,000	16,723	15,000
Change in library fund balance	\$ 10,500	\$ 10,448	\$ 2,861
Accumulated net revenue at the end of the year	\$ 16,640	\$ 16,588	\$ 6,140

(See accompanying notes)

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2006

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.