

Township of Killaloe, Hagarty and Richards

Financial Report

For the year ended 31 December 2010

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

INDEPENDENT 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 accompanying consolidated financial statements of the Corporation of the Township of Killaloe, Hagarty and Richards, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statements of financial activities, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Killaloe, Hagarty and Richards and its local boards as at 31 December 2010, and the results of their operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



RENFREW, Ontario.
22 February 2011.

Chartered Accountants,
Licensed Public Accountants.

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

As at 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Financial assets:		
Cash and cash equivalents	\$ 1,949,145	\$ 1,756,651
Taxes receivable	496,853	469,578
Accounts receivable	205,046	187,742
Investment in Ottawa River Power Corporation (Note 4)	<u>358,895</u>	<u>358,895</u>
	<u>\$ 3,009,939</u>	<u>\$ 2,772,866</u>
Financial liabilities:		
Accounts payable and accrued liabilities	\$ 173,312	\$ 195,367
Deferred revenue - obligatory reserve funds (Note 6)	105,087	134,826
- other		33,992
Landfill closure and post closure costs (Note 7)	<u>352,300</u>	<u>352,300</u>
	<u>\$ 630,699</u>	<u>\$ 716,485</u>
Net financial assets	<u>\$ 2,379,240</u>	<u>\$ 2,056,381</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 8,350,643	\$ 8,936,691
Inventories of supplies	<u>34,028</u>	<u>45,170</u>
	<u>\$ 8,384,671</u>	<u>\$ 8,981,861</u>
Accumulated surplus	<u>\$ 10,763,911</u>	<u>\$ 11,038,242</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets	\$ 8,350,643	\$ 8,936,691
Discretionary reserve fund	66,452	48,866
Reserves	2,638,653	2,341,099
General	51,362	51,279
Water operations	(11,821)	(6,288)
Library Board	17,288	15,602
Village of Killaloe Recreation Committee	3,634	3,293
Unfunded - landfill closure and post closure costs (Note 2)	<u>(352,300)</u>	<u>(352,300)</u>
Total accumulated surplus	<u>\$ 10,763,911</u>	<u>\$ 11,038,242</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards
Consolidated Statement of Financial Activities
For the year ended 31 December 2010
(with 2010 budget and 2009 actual figures for comparison)

	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 1,821,790	\$ 1,847,358	\$ 1,701,451
Government transfers:			
Ontario	867,068	859,140	1,091,030
Canada	131,448	124,384	58,434
Other municipalities	40,387	5,387	5,387
Other	<u>259,050</u>	<u>279,736</u>	<u>267,756</u>
	<u>\$ 3,119,743</u>	<u>\$ 3,116,005</u>	<u>\$ 3,124,058</u>
Expenditure:			
General government	\$ 546,859	\$ 552,114	\$ 501,118
Protection to persons and property	489,543	508,081	467,013
Transportation services	1,479,909	1,286,824	1,239,533
Environmental services	958,922	872,796	790,328
Health services	21,000	21,000	15,000
Recreation and cultural services	136,592	142,727	140,864
Planning and development	<u>14,700</u>	<u>6,794</u>	<u>15,066</u>
	<u>\$ 3,647,525</u>	<u>\$ 3,390,336</u>	<u>\$ 3,168,922</u>
Net surplus (deficit) for the year	\$ (527,782)	\$ (274,331)	\$ (44,864)
Accumulated surplus at the beginning of the year	<u>11,038,242</u>	<u>11,038,242</u>	<u>11,083,106</u>
Accumulated surplus at the end of the year	<u>\$ 10,510,460</u>	<u>\$ 10,763,911</u>	<u>\$ 11,038,242</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards
Consolidated Statement of Changes in Net Financial Assets
For the year ended 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Net surplus (deficit) for the year	\$ (274,331)	\$ (44,864)
Amortization of tangible capital assets	774,528	824,413
Acquisition of tangible capital assets	(188,480)	(559,242)
Use of (acquisition of) inventory	<u>11,142</u>	<u>(8,210)</u>
Increase in net financial assets	\$ 322,859	\$ 212,097
Net financial assets, beginning of year	<u>2,056,381</u>	<u>1,844,284</u>
Net financial assets, end of year	<u>\$ 2,379,240</u>	<u>\$ 2,056,381</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Consolidated Statement of Cash Flows

For the year ended 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Net surplus (deficit) for year	\$ (274,331)	\$ (44,864)
Add amortization which does not involve cash	<u>774,528</u>	<u>824,413</u>
	<u>\$ 500,197</u>	<u>\$ 779,549</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (27,275)	\$ 7,932
- decrease (increase) in accounts receivable	(17,304)	(57,753)
- decrease (increase) in inventory	11,142	(8,210)
- increase (decrease) in accounts payable and accrued liabilities	<u>(22,055)</u>	<u>3,044</u>
	<u>\$ (55,492)</u>	<u>\$ (54,987)</u>
Cash flows from operating activities	<u>\$ 444,705</u>	<u>\$ 724,562</u>
Cash flows from financing activities:		
Increase (decrease) in long term debt		\$ (7,896)
Increase (decrease) in deferred revenue	<u>\$ (63,731)</u>	<u>(143,651)</u>
Cash flows used for financing activities	<u>\$ (63,731)</u>	<u>\$ (151,547)</u>
Cash flows used for investing activities:		
Additions to tangible capital assets:		
General government		\$ (8,634)
Transportation services	\$ (140,630)	(486,879)
Recreation and cultural services	<u>(47,850)</u>	<u>(63,729)</u>
Cash flows used for investing activities	<u>\$ (188,480)</u>	<u>\$ (559,242)</u>
Increase in cash and cash equivalents during the year	\$ 192,494	\$ 13,773
Cash and cash equivalents at the beginning of the year	<u>1,756,651</u>	<u>1,742,878</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,949,145</u>	<u>\$ 1,756,651</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2010

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 principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

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 interorganizational 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, expenditures, assets and liabilities with respect to the operations of the county and school boards are not reflected in the municipal fund balances of these financial statements.

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

(b) Accrual Basis of Accounting

Expenditures and related sources of financing are reported on 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; expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

(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.

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2010

(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.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(e) 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.

(f) Government Transfers

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.

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2010

(g) 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.

(h) 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.

(i) Financial Instruments

Financial instruments include cash, taxes receivable, accounts receivable, investment in Ottawa River Power Corporation, accounts payable and accrued liabilities and deferred revenue. 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, taxes receivable, accounts receivable and accounts payable and accrued liabilities approximate fair values due to the immediate and short term maturities of these financial instruments.

(j) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenditures during the year. Actual results could differ from these estimates.

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.

3. TRUST FUNDS

Trust funds administered by the Township, totaling \$ 3,633 (2009 - \$ 3,633) are presented in a separate financial statement of trust fund financial position and financial activities. As such, balances held in trust by the Township for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

4. INVESTMENT IN OTTAWA RIVER POWER CORPORATION

The investment in Ottawa River Power Corporation is carried at cost and is comprised as follows:

179 Common shares of Ottawa River Power Corporation	\$	179,000
179 Common shares of Ottawa River Solutions Inc.		895
7.25% Promissory Note from Ottawa River Power Corporation		<u>179,000</u>
	\$	<u><u>358,895</u></u>

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2010

5. 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	\$ 630,462	\$ 988,561
Payments in lieu	<u>277</u>	<u>32,266</u>
	<u>\$ 630,739</u>	<u>\$ 1,020,827</u>

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants 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>2010</u>	<u>2009</u>
Ontario Clean Water Agency	\$ 7,324	\$ 6,297
Shoreline	3,032	7,413
Gasoline Tax - Federal	<u>94,731</u>	<u>121,116</u>
	<u>\$ 105,087</u>	<u>\$ 134,826</u>

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

	<u>2010</u>	<u>2009</u>
Balance at the beginning of the year	\$ 134,826	\$ 68,626
Gas tax revenue received	78,481	80,973
Frontage fees	<u>1,028</u>	<u>1,027</u>
	\$ 214,335	\$ 150,626
Used to purchase tangible capital assets	<u>(109,248)</u>	<u>(15,800)</u>
Balance at the end of the year	<u>\$ 105,087</u>	<u>\$ 134,826</u>

7. 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.

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2010

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. The reported liability is based on estimates and assumptions with respect to events extending over a ten year 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.

8. 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 2010.

9. BUDGET FIGURES

The operating budget approved by the Township of Killaloe, Hagarty and Richards for 2010 is reflected on the Consolidated Statement of Financial Activities. 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.

10. 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:

(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 2010.

(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 2010 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

Township of Killaloe, Hagarty and Richards

Notes to the Financial Statements

For the year ended 31 December 2010

12. EXPENDITURES BY OBJECT

The Consolidated Statement of Financial Activities presents the consolidated expenditures by function. The following listing classifies the expenditures by object:

	<u>2010</u>	<u>2009</u>
Salaries, wages and employee benefits	\$ 853,369	\$ 807,426
Interest on long term debt		50
Operating materials and supplies	1,191,208	1,031,357
Contracted services	548,122	489,713
External transfers	23,110	15,963
Amortization	<u>774,527</u>	<u>824,413</u>
Total expenditures by object	<u>\$ 3,390,336</u>	<u>\$ 3,168,922</u>

Township of Killaloe, Hagarty and Richards

Schedule of General Financial Activities

For the year ended 31 December 2010

(with 2010 budget and 2009 actual figures for comparison)

	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 1,575,316	\$ 1,582,126	\$ 1,445,894
Government transfers:			
Ontario	845,919	830,853	1,068,209
Canada	129,624	122,537	56,610
Other municipalities	36,239	1,239	1,239
Other	<u>249,350</u>	<u>264,299</u>	<u>257,498</u>
	<u>\$ 2,836,448</u>	<u>\$ 2,801,054</u>	<u>\$ 2,829,450</u>
Expenditure:			
General government	\$ 546,859	\$ 552,114	\$ 501,118
Protection to persons and property	489,543	508,081	467,013
Transportation services	1,479,909	1,286,824	1,239,531
Environmental services	712,448	586,171	522,655
Health services	21,000	21,000	15,000
Recreation and cultural services	69,430	70,745	79,085
Planning and development	<u>14,700</u>	<u>6,794</u>	<u>15,066</u>
	<u>\$ 3,333,889</u>	<u>\$ 3,031,729</u>	<u>\$ 2,839,468</u>
Net revenue (expenditure)	<u>\$ (497,441)</u>	<u>\$ (230,675)</u>	<u>\$ (10,018)</u>
Transfers:			
Transfer to library	\$ (25,000)	\$ (24,290)	\$ (20,070)
Transfer to discretionary reserve fund	(14,500)	(17,586)	(15,112)
Transfer from (to) reserves	44,846	(313,414)	(202,072)
Transfer from equity in tangible capital assets	<u>440,816</u>	<u>586,048</u>	<u>257,273</u>
Net transfers	<u>\$ 446,162</u>	<u>\$ 230,758</u>	<u>\$ 20,019</u>
Change in general surplus (deficit) for the year	\$ (51,279)	\$ 83	\$ 10,001
General surplus at the beginning of the year	<u>51,279</u>	<u>51,279</u>	<u>41,278</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 51,362</u>	<u>\$ 51,279</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Water Fund Operations

For the year ended 31 December 2010

(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Revenue:		
User charges	\$ <u>119,864</u>	\$ <u>113,885</u>
Expenditure:		
Ontario Clean Water Agency billings	\$ 110,716	\$ 108,756
Hydro	<u>14,681</u>	<u>13,969</u>
	\$ <u>125,397</u>	\$ <u>122,725</u>
Net surplus (deficit) for the year	\$ (5,533)	\$ (8,840)
Water fund surplus (deficit) at the beginning of the year	<u>(6,288)</u>	<u>2,552</u>
Water fund surplus (deficit) at the end of the year	<u><u>\$ (11,821)</u></u>	<u><u>\$ (6,288)</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Sewage Fund Operations

For the year ended 31 December 2010

(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Revenue:		
User charges	\$ <u>145,368</u>	\$ <u>141,672</u>
Expenditure:		
Grant in lieu	\$ 921	\$ 955
Hydro	24,704	22,862
Materials	31,471	16,763
Ontario Clean Water Agency billings	103,645	103,243
Wages	<u>487</u>	<u>1,125</u>
	\$ <u>161,228</u>	\$ <u>144,948</u>
Net surplus (deficit) for the year	\$ (15,860)	\$ (3,276)
Financing and transfers:		
Transfer from reserves	<u>15,860</u>	<u>3,276</u>
Change in sewage fund surplus	\$ -	\$ -
Sewage fund surplus at the beginning of the year	<u>-</u>	<u>-</u>
Sewage fund surplus at the end of the year	<u><u>-</u></u>	<u><u>-</u></u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Contributions:		
From operations	\$ <u>346,420</u>	\$ <u>506,974</u>
Transfers:		
Transfer to operations	\$ 15,860	\$ 241,095
Transfer to tangible capital acquisitions	<u>15,420</u>	<u>51,971</u>
	<u>\$ 31,280</u>	<u>\$ 293,066</u>
Change in reserves and reserve funds balance	\$ 315,140	\$ 213,908
Reserves and reserve funds at the beginning of the year	<u>2,389,965</u>	<u>2,176,057</u>
Reserves and reserve funds at the end of the year	<u>\$ 2,705,105</u>	<u>\$ 2,389,965</u>
Reserves:		
Working funds	\$ 1,151,259	\$ 917,845
Protection services	140,789	120,789
Roadways	351,157	291,157
Wastewater system	8,595	24,455
Waterworks system	12,925	12,925
Solid waste disposal	557,781	557,781
Hydro Reserve Killaloe	<u>416,147</u>	<u>416,147</u>
Total reserves	\$ 2,638,653	\$ 2,341,099
Discretionary reserve fund set aside for specific purpose:		
Environmental	<u>66,452</u>	<u>48,866</u>
Total reserves and reserve funds	<u>\$ 2,705,105</u>	<u>\$ 2,389,965</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

As at 31 December 2010
(with 2009 figures for comparison)

Segmented by asset class:	Balance at 31 December <u>2009</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2010</u>
<u>Cost</u>				
Land	\$ 342,666			\$ 342,666
Land improvements	245,016			245,016
Buildings	4,031,478	\$ 43,468	\$ 47,928	4,122,874
Machinery and equipment	300,118	4,382		304,500
Vehicles	2,003,005	35,764		2,038,769
Linear assets	18,758,231	104,866		18,863,097
Capital work in progress	<u>47,928</u>		<u>(47,928)</u>	
Total	<u>\$ 25,728,442</u>	<u>\$ 188,480</u>	<u>\$ -</u>	<u>\$ 25,916,922</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2009</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2010</u>
Land	\$ 40,065	\$ 11,508	\$ -	\$ 51,573
Land improvements	179,512	5,223		184,735
Buildings	2,844,363	87,339		2,931,702
Machinery and equipment	164,477	23,856		188,333
Vehicles	1,036,261	128,016		1,164,277
Linear assets	<u>12,527,073</u>	<u>518,586</u>		<u>13,045,659</u>
Total	<u>\$ 16,791,751</u>	<u>\$ 774,528</u>	<u>\$ -</u>	<u>\$ 17,566,279</u>

<u>Net book value</u>	Balance at 31 December <u>2009</u>	Balance at 31 December <u>2010</u>
Land	\$ 302,601	\$ 291,093
Land improvements	65,504	60,281
Buildings	1,187,115	1,191,172
Machinery and equipment	135,641	116,167
Vehicles	966,744	874,492
Linear assets	6,231,158	5,817,438
Capital work in progress	<u>47,928</u>	
Total	<u>\$ 8,936,691</u>	<u>\$ 8,350,643</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Schedule of Tangible Capital Assets

As at 31 December 2010
(with 2009 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2009</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2010</u>
General government	\$ 509,327		\$ -	\$ 509,327
Protection services	920,094			920,094
Transportation services	17,398,234	\$ 140,630		17,538,864
Environmental services - waste sites	346,511			346,511
Environmental services - water	3,564,486			3,564,486
Environmental services - sewage	2,237,101			2,237,101
Recreation services	<u>752,689</u>	<u>47,850</u>		<u>800,539</u>
Total	<u>\$ 25,728,442</u>	<u>\$ 188,480</u>	<u>\$ -</u>	<u>\$ 25,916,922</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2009</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2010</u>
General government	\$ 227,980	\$ 25,399	\$ -	\$ 253,379
Protection services	544,268	46,788		591,056
Transportation services	11,394,912	541,808		11,936,720
Environmental services - waste sites	160,131	23,208		183,339
Environmental services - water	1,877,433	119,830		1,997,263
Environmental services - sewage	2,235,101			2,235,101
Recreation services	<u>351,926</u>	<u>17,495</u>		<u>369,421</u>
Total	<u>\$ 16,791,751</u>	<u>\$ 774,528</u>	<u>\$ -</u>	<u>\$ 17,566,279</u>

<u>Net book value</u>	Balance at 31 December <u>2009</u>	Balance at 31 December <u>2010</u>
General government	\$ 281,347	\$ 255,948
Protection services	375,826	329,038
Transportation services	6,003,322	5,602,144
Environmental services - waste sites	186,380	163,172
Environmental services - water	1,687,053	1,567,223
Environmental services - sewage	2,000	2,000
Recreation services	<u>400,763</u>	<u>431,118</u>
Total	<u>\$ 8,936,691</u>	<u>\$ 8,350,643</u>

(See accompanying notes)

MACKILLICAN & ASSOCIATES
CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

INDEPENDENT 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 accompanying financial statements of the trust fund of the Corporation of the Township of Killaloe, Hagarty and Richards, which comprise the statement of financial position as at 31 December 2010, and the statement of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

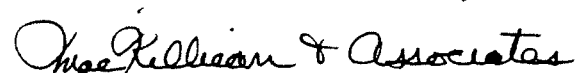
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust fund of the Corporation of the Township of Killaloe, Hagarty and Richards as at 31 December 2010, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



RENFREW, Ontario.
22 February 2011.

Chartered Accountants,
Licensed Public Accountants.

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Financial Position

As at 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
	<u>ASSETS</u>	
Loans receivable (Note 2)	\$ <u>3,633</u>	\$ <u>3,633</u>
	<u>FUND BALANCE</u>	
Fund balance	\$ <u>3,633</u>	\$ <u>3,633</u>

Township of Killaloe, Hagarty and Richards

Trust Fund

Statement of Financial Activities

For the year ended 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Balance at the beginning of the year	\$ 3,633	\$ 3,909
Expenditure:		
Repayment to the Province of Ontario	<u>-</u>	<u>276</u>
Balance at the end of the year	\$ <u>3,633</u>	\$ <u>3,633</u>

(See accompanying notes)

Township of Killaloe, Hagarty and Richards

Trust Fund

Notes to the Financial Statements

For the year ended 31 December 2010

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 administration 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 and services and the creation of a legal obligation to pay.

2. ONTARIO HOME RENEWAL PROGRAM

Ontario Home Renewal Program loans receivable at 31 December 2010 comprise repayable loans of \$ 2,783 (2009 - \$ 2,783) and forgivable loans of \$ 850 (2009 - \$ 850). 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 2010, there is no amount to be returned to the Province.

MACKILLICAN & ASSOCIATES
CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

INDEPENDENT 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 accompanying financial statements of the Village of Killaloe Recreation Committee which comprise the statement of financial position as at 31 December 2010, and the statement of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a qualified basis for our audit opinion.

Basis for Qualified Opinion

In common with many recreation committees, the organization 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.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Village of Killaloe Recreation Committee as at 31 December 2010, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



Chartered Accountants,
Licensed Public Accountants.

RENFREW, Ontario.
22 February 2011.

Village of Killaloe Recreation Committee

Statement of Financial Position

As at 31 December 2010

(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
	<u>ASSET</u>	
Cash in bank	\$ <u>3,634</u>	\$ <u>3,293</u>
	<u>ACCUMULATED NET REVENUE</u>	
Accumulated net revenue	\$ <u>3,634</u>	\$ <u>3,293</u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Statement of Financial Activities

For the year ended 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
Revenue:		
Fundraising	\$ 3,612	\$ 3,675
Interest	<u>19</u>	<u>11</u>
	<u>\$ 3,631</u>	<u>\$ 3,686</u>
Expenditure:		
Fundraising	\$ 3,290	\$ 3,555
Transfer to Round Lake Recreation	<u> </u>	<u>4,386</u>
	<u>\$ 3,290</u>	<u>\$ 7,941</u>
Net revenue (expenditure) for the year	\$ 341	\$ (4,255)
Accumulated net revenue at the beginning of the year	<u>3,293</u>	<u>7,548</u>
Accumulated net revenue at the end of the year	<u><u>\$ 3,634</u></u>	<u><u>\$ 3,293</u></u>

(See accompanying notes)

Village of Killaloe Recreation Committee

Notes to the Financial Statements

For the year ended 31 December 2010

1. ACCOUNTING POLICIES

The financial statements of the Village of Killaloe Recreation Committee are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 receipts of goods or services and the creation of a legal obligation to pay.

MACKILLICAN & ASSOCIATES
CHARTERED ACCOUNTANTS

252 Raglan Street S.
Renfrew, Ontario

INDEPENDENT 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 accompanying financial statements of the Killaloe & District Public Library Board which comprise the statement of financial position as at 31 December 2010, and the statement of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

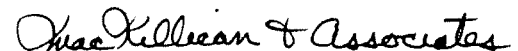
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a qualified basis for our audit opinion.

Basis for Qualified Opinion

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.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Killaloe & District Public Library Board as at 31 December 2010, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



Chartered Accountants,
Licensed Public Accountants.

RENFREW, Ontario.
22 February 2011.

Killaloe & District Public Library Board

Statement of Financial Position

As at 31 December 2010
(with 2009 figures for comparison)

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash on hand and in bank	\$ 6,248	\$ 15,907
Due from Canada	269	
Due from Ontario	7,766	2,154
Investment	<u>5,005</u>	<u> </u>
	<u>\$ 19,288</u>	<u>\$ 18,061</u>
<u>LIABILITIES AND ACCUMULATED NET REVENUE</u>		
Liabilities:		
Accounts payable	\$ 2,000	\$ 1,800
Due to Canada	<u> </u>	<u>659</u>
	\$ 2,000	\$ 2,459
Accumulated net revenue	<u>17,288</u>	<u>15,602</u>
	<u>\$ 19,288</u>	<u>\$ 18,061</u>

(See accompanying notes)

Killaloe & District Public Library Board
Statement of Financial Activities
For the year ended 31 December 2010
(with 2010 budget and 2009 actual figures for comparison)

	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
Accumulated net revenue at the beginning of the year	\$ <u>15,602</u>	\$ <u>15,602</u>	\$ <u>14,005</u>
Revenue:			
Grants - Ontario Library	\$ 6,824	\$ 6,824	\$ 6,824
- Pay Equity	1,312	1,312	1,312
- Sustainability	3,663	3,663	3,663
- CAP Grant	5,495	6,184	5,720
- Investment Grant	2,500	9,158	4,088
- Connectivity Grant	1,355	1,146	1,214
- Summer Jobs Service Grant	1,824	1,847	1,824
Services sold to other library boards	4,148	4,148	4,148
Fines, donations, fundraising and sundry	<u>6,000</u>	<u>11,806</u>	<u>6,572</u>
	<u>\$ 33,121</u>	<u>\$ 46,088</u>	<u>\$ 35,365</u>
Expenditure:			
Advertising	\$ 1,000	\$ 913	\$ 479
Audit	1,800	2,000	2,100
Books	6,600	6,297	5,023
Insurance	3,800	3,800	3,708
Investment grant expenses		8,361	
Postage and office	1,849	1,630	1,694
Programs and sundry	2,650	2,058	1,021
Supplies and furniture	2,205	2,352	2,812
Sustainability grant expenses	3,558	3,591	2,958
Wages	<u>40,000</u>	<u>37,690</u>	<u>34,043</u>
	<u>\$ 63,462</u>	<u>\$ 68,692</u>	<u>\$ 53,838</u>
Net deficit for the year	\$ (30,341)	\$ (22,604)	\$ (18,473)
Financing and transfers:			
Transfer from current fund	<u>23,100</u>	<u>24,290</u>	<u>20,070</u>
Change in library fund balance	\$ <u>(7,241)</u>	\$ <u>1,686</u>	\$ <u>1,597</u>
Accumulated net revenue at the end of the year	<u>\$ 8,361</u>	<u>\$ 17,288</u>	<u>\$ 15,602</u>

(See accompanying notes)

Killaloe & District Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2010

1. ACCOUNTING POLICIES

The financial statements of the Killaloe & District Public Library Board are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 judgements.

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.