

Township of Greater Madawaska

Financial Report

For the year ended 31 December 2011

MACKILLICAN & ASSOCIATES

CHARTERED ACCOUNTANTS

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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 Greater Madawaska.

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Greater Madawaska, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statements of operations, changes in net financial assets (liabilities) 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 Greater Madawaska and its local boards as at 31 December 2011, and the results of their operations, changes in net financial assets (liabilities) and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



RENFREW, Ontario.
24 May 2012.

Chartered Accountants,
Licensed Public Accountants.

Township of Greater Madawaska
Consolidated Statement of Financial Position
As at 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Financial assets:		
Cash	\$ 285,367	\$ 567
Taxes receivable	1,162,827	916,237
Accounts receivable	<u>125,646</u>	<u>572,417</u>
	<u>\$ 1,573,840</u>	<u>\$ 1,489,221</u>
Liabilities:		
Bank overdraft and operating loan		\$ 381,304
Accounts payable and accrued liabilities	\$ 361,114	594,540
Deferred revenue - obligatory reserve funds (Note 7)	109,915	265,608
- other (Note 8)	175,133	185,609
Net long term liabilities (Note 6)	433,301	
Landfill closure and post closure costs (Note 9)	<u>1,927,500</u>	<u>2,021,000</u>
	<u>\$ 3,006,963</u>	<u>\$ 3,448,061</u>
Net financial assets (liabilities)	<u>\$ (1,433,123)</u>	<u>\$ (1,958,840)</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 8,905,138	\$ 9,643,664
Construction in progress	192,760	54,229
Inventories of supplies	27,682	66,211
Prepaid expenses	<u>51,265</u>	<u>13,383</u>
	<u>\$ 9,176,845</u>	<u>\$ 9,777,487</u>
Accumulated surplus	<u>\$ 7,743,722</u>	<u>\$ 7,818,647</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 14)	\$ 8,377,994	\$ 8,618,802
General		3,303
Reserve and reserve funds	1,268,890	1,198,941
Library Board	24,338	18,601
Unfunded - landfill closure and post closure costs (Note 3)	<u>(1,927,500)</u>	<u>(2,021,000)</u>
Total accumulated surplus	<u>\$ 7,743,722</u>	<u>\$ 7,818,647</u>

(See accompanying notes)

Township of Greater Madawaska
Consolidated Statement of Operations
For the year ended 31 December 2011
(with 2011 budget and 2010 actual figures for comparison)

	<u>2011 Budget</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
Revenue:			
Taxation and user charges	\$ 2,439,130	\$ 2,410,069	\$ 2,127,453
Government transfers:			
Ontario	661,961	480,227	1,117,547
Canada	89,637	4,757	665,166
Other municipalities	6,500	10,775	16,136
Other	<u>208,347</u>	<u>666,819</u>	<u>396,014</u>
	<u>\$ 3,405,575</u>	<u>\$ 3,572,647</u>	<u>\$ 4,322,316</u>
Expenses:			
General government	\$ 533,074	\$ 578,618	\$ 586,618
Protection to persons and property	728,376	662,659	630,209
Transportation services	1,514,676	1,634,707	1,393,602
Environmental services	403,047	405,710	380,262
Health services	25,000	25,500	25,000
Recreation and cultural services	247,311	211,140	210,471
Planning and development	<u>162,067</u>	<u>129,238</u>	<u>187,868</u>
	<u>\$ 3,613,551</u>	<u>\$ 3,647,572</u>	<u>\$ 3,414,030</u>
Excess (shortfall) of revenue over expenses	\$ (207,976)	\$ (74,925)	\$ 908,286
Accumulated surplus at the beginning of the year	<u>7,818,647</u>	<u>7,818,647</u>	<u>6,910,361</u>
Accumulated surplus at the end of the year	<u>\$ 7,610,671</u>	<u>\$ 7,743,722</u>	<u>\$ 7,818,647</u>

(See accompanying notes)

Township of Greater Madawaska
Consolidated Statement of Change in Net Financial Assets (Liabilities)
For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Excess (shortfall) of revenue over expenses	\$ (74,925)	\$ 908,286
Amortization of tangible capital assets	753,363	633,901
Acquisition of tangible capital assets	(153,368)	(2,119,098)
Use of (acquisition of) prepaid expenses	(37,882)	(2,745)
Use of (acquisition of) inventory	<u>38,529</u>	<u>(16,083)</u>
Increase (decrease) in net financial assets (liabilities)	\$ 525,717	\$ (595,739)
Net financial assets (liabilities) at the beginning of the year	<u>(1,958,840)</u>	<u>(1,363,101)</u>
Net financial assets (liabilities) at the end of the year	<u>\$ (1,433,123)</u>	<u>\$ (1,958,840)</u>

(See accompanying notes)

Township of Greater Madawaska
Consolidated Statement of Cash Flows
For the year ended 31 December 2011
 (with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ (74,925)	\$ 908,286
Add amortization which does not involve cash	<u>753,363</u>	<u>633,901</u>
	\$ <u>678,438</u>	\$ <u>1,542,187</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (246,590)	\$ (77,873)
- decrease (increase) in accounts receivable	446,771	74,506
- decrease (increase) in inventory	38,529	(16,083)
- increase (decrease) in accounts payable and accrued liabilities	(233,426)	(253,206)
- increase (decrease) in deferred revenue	(166,169)	32,741
- increase (decrease) in prepaid expenses	(37,882)	(2,745)
- increase (decrease) in landfill closure and post closure costs	<u>(93,500)</u>	<u>(50,000)</u>
	\$ <u>(292,267)</u>	\$ <u>(292,660)</u>
Cash flows from operating activities	\$ <u>386,171</u>	\$ <u>1,249,527</u>
Cash flows from financing activities:		
Increase in long term debt	\$ <u>433,301</u>	\$ <u>-</u>
Cash flows used for investing activities:		
Additions to tangible capital assets:		
Protection to persons and property		\$ (44,880)
Transportation services	\$ (14,837)	(1,146,216)
Environmental services		(837,426)
Recreation and cultural services		(80,568)
Construction in progress	<u>(138,531)</u>	<u>(10,008)</u>
Cash flows used for investing activities	\$ <u>(153,368)</u>	\$ <u>(2,119,098)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ 666,104	\$ (869,571)
Cash and cash equivalents at the beginning of the year	<u>(380,737)</u>	<u>488,834</u>
Cash and cash equivalents at the end of the year	\$ <u><u>285,367</u></u>	\$ <u><u>(380,737)</u></u>
Comprised of:		
Cash	\$ 285,367	\$ 567
Bank overdraft and operating loan	<u> </u>	<u>(381,304)</u>
	\$ <u><u>285,367</u></u>	\$ <u><u>(380,737)</u></u>

(See accompanying notes)

Township of Greater Madawaska
Notes to the Financial Statements
For the year ended 31 December 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Greater Madawaska 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 organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

- Township of Greater Madawaska 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 fund and its related operations administered by the Township is not included in these financial statements but is reported separately.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measureable. Expenses are recognized as they are incurred and measureable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(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 revenue over expenditure, provides the change in net financial assets for the year.

Township of Greater Madawaska
Notes to the Financial Statements
For the year ended 31 December 2011

(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 buildings 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	20 - 50 years
Buildings	20 - 50 years
Machinery and equipment	5 - 50 years
Vehicles	7 - 15 years
Linear assets	10 - 45 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 expenditure 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 expenditure 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) is 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 the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Township of Greater Madawaska
Notes to the Financial Statements
For the year ended 31 December 2011

(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) 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. FINANCIAL INSTRUMENTS

Financial instruments include cash, taxes receivable, accounts receivable, accounts payable and accrued liabilities and net long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash, taxes receivable, accounts receivable, accounts payable and accrued liabilities and net long term liabilities, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

The fair value of long term debt, including the current portion, is based on rates currently available to the Municipality with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

3. 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.

4. TRUST FUND

Trust fund administered by the Township, totaling \$ 7,351 (2010 - \$ 7,351) are presented in a separate financial statement of trust fund financial position and operations. 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 its operations been included in the Consolidated Statement of Operations.

Township of Greater Madawaska
Notes to the Financial Statements
For the year ended 31 December 2011

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	\$ 1,442,582	\$ 2,163,484
Payments in lieu	<u>4,330</u>	<u>29,983</u>
	<u>\$ 1,446,912</u>	<u>\$ 2,193,467</u>

6. NET LONG TERM LIABILITIES

(a) The balance of net long term liabilities of \$ 433,301 (2010 - Nil) reported on the "Consolidated Statement of Financial Position" is made up of long term liabilities incurred by the Municipality.

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

	<u>School Boards</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 86,660	\$ 7,881	\$ 94,541
2013	86,660	6,150	92,810
2014	86,660	4,516	91,176
2015	86,660	2,880	89,540
2016	<u>86,661</u>	<u>1,236</u>	<u>87,897</u>
	<u>\$ 433,301</u>	<u>\$ 22,663</u>	<u>\$ 455,964</u>

7. 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>2011</u>	<u>2010</u>
Park development	\$ 21,248	\$ 21,090
Gasoline tax - Federal	84,387	
Development charges		240,238
Shoreline	<u>4,280</u>	<u>4,280</u>
	<u>\$ 109,915</u>	<u>\$ 265,608</u>

Township of Greater Madawaska
Notes to the Financial Statements
For the year ended 31 December 2011

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

	<u>2011</u>	<u>2010</u>
Balance at the beginning of the year	\$ 265,608	\$ 209,491
Gas tax revenue received	84,387	84,626
Development charges	30,979	57,627
Interest earned	<u>936</u>	<u>699</u>
	\$ 381,910	\$ 352,443
Utilized during the year	<u>271,995</u>	<u>86,835</u>
Balance at the end of the year	<u>\$ 109,915</u>	<u>\$ 265,608</u>

8. DEFERRED REVENUE - OTHER

	<u>2011</u>	<u>2010</u>
Roads	\$ 171,594	\$ 182,881
Miscellaneous	207	147
Recreation	<u>3,332</u>	<u>2,581</u>
	<u>\$ 175,133</u>	<u>\$ 185,609</u>

9. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. 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.

10. 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 major liabilities that have not been reflected in the financial statements.

11. BUDGET FIGURES

The operating budget approved by the Township of Greater Madawaska for 2011 is reflected on the Consolidated Statement of Operations. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements.

Township of Greater Madawaska
Notes to the Financial Statements
For the year ended 31 December 2011

12. 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 functional classification, 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 2011.

(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 2011 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

13. EXPENDITURES BY OBJECT

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following listing classifies the expenditures by object.

	<u>2011</u>	<u>2010</u>
Salaries, wages and employee benefits	\$ 1,208,528	\$ 1,099,144
Interest on long term debt	2,422	
Operating materials and supplies	1,192,585	1,099,751
Contracted services	439,619	534,379
Rents and financial expense	5,201	1,076
External transfers	45,854	45,779
Amortization	<u>753,363</u>	<u>633,901</u>
Total expenditures by object	<u>\$ 3,647,572</u>	<u>\$ 3,414,030</u>

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>
Tangible capital assets - net	\$ 8,905,138	\$ 9,643,664
Construction in progress	192,760	54,229
Net long term liabilities	(433,301)	
Amounts to be funded in future years	<u>(286,603)</u>	<u>(1,079,091)</u>
Equity in tangible capital assets	<u>\$ 8,377,994</u>	<u>\$ 8,618,802</u>

Township of Greater Madawaska
Schedule of General Operations
For the year ended 31 December 2011
(with 2011 budget and 2010 actual figures for comparison)

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 2,439,130	\$ 2,410,069	\$ 2,127,453
Government transfers:			
Ontario	650,143	464,706	1,091,407
Canada	89,637	4,757	665,166
Other municipalities	6,500	10,775	16,136
Other	<u>211,347</u>	<u>670,290</u>	<u>392,516</u>
	<u>\$ 3,396,757</u>	<u>\$ 3,560,597</u>	<u>\$ 4,292,678</u>
Expenses:			
General government	\$ 533,074	\$ 578,618	\$ 586,618
Protection to persons and property	728,376	662,659	630,209
Transportation services	1,514,676	1,634,707	1,393,602
Environmental services	506,547	499,210	430,262
Health services	25,000	25,500	25,000
Recreation and cultural services	196,811	163,145	154,060
Planning and development	<u>162,067</u>	<u>129,238</u>	<u>187,868</u>
	<u>\$ 3,666,551</u>	<u>\$ 3,693,077</u>	<u>\$ 3,407,619</u>
Excess (shortfall) of revenue over expenses	<u>\$ (269,794)</u>	<u>\$ (132,480)</u>	<u>\$ 885,059</u>
Transfers:			
Transfer to Library Board	\$ (41,682)	\$ (41,682)	\$ (27,810)
Transfer from (to) reserves	274,745	(69,949)	323,573
Transfer (from) to equity in tangible capital assets	<u>36,731</u>	<u>240,808</u>	<u>(1,180,822)</u>
Net transfers	<u>\$ 269,794</u>	<u>\$ 129,177</u>	<u>\$ (885,059)</u>
Change in general surplus (deficit)	\$ -	\$ (3,303)	\$ -
General surplus at the beginning of the year	<u>3,303</u>	<u>3,303</u>	<u>3,303</u>
General surplus at the end of the year	<u>\$ 3,303</u>	<u>\$ -</u>	<u>\$ 3,303</u>

(See accompanying notes)

Township of Greater Madawaska
Schedule of Tangible Capital Assets
For the year ended 31 December 2011
(with 2010 figures for comparison)

Segmented by asset class:	Balance at 31 December <u>2010</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2011</u>
<u>Cost</u>				
Land	\$ 453,968	\$ 14,837	\$ -	\$ 468,805
Land improvements	1,435,890			1,435,890
Buildings	1,728,469			1,728,469
Machinery and equipment	873,610			873,610
Vehicles	2,373,181			2,373,181
Linear assets	12,675,759			12,675,759
Capital work in progress	<u>54,229</u>	<u>138,531</u>		<u>192,760</u>
Total	<u>\$ 19,595,106</u>	<u>\$ 153,368</u>	<u>\$ -</u>	<u>\$ 19,748,474</u>
	Balance at 31 December <u>2010</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2011</u>
<u>Accumulated amortization</u>				
Land improvements	\$ 105,793	\$ 50,603	\$ -	\$ 156,396
Buildings	667,570	38,080		705,650
Machinery and equipment	208,517	45,054		253,571
Vehicles	939,682	180,578		1,120,260
Linear assets	<u>7,975,651</u>	<u>439,048</u>		<u>8,414,699</u>
Total	<u>\$ 9,897,213</u>	<u>\$ 753,363</u>	<u>\$ -</u>	<u>\$ 10,650,576</u>
			Balance at 31 December <u>2010</u>	Balance at 31 December <u>2011</u>
<u>Net book value</u>				
Land			\$ 453,968	\$ 468,805
Land improvements			1,330,097	1,279,494
Buildings			1,060,899	1,022,819
Machinery and equipment			665,093	620,039
Vehicles			1,433,499	1,252,921
Linear assets			4,700,108	4,261,060
Capital work in progress			<u>54,229</u>	<u>192,760</u>
Total			<u>\$ 9,697,893</u>	<u>\$ 9,097,898</u>

(See accompanying notes)

Township of Greater Madawaska
Schedule of Tangible Capital Assets
For the year ended 31 December 2011
(with 2010 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2010</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2011</u>
General government	\$ 701,943	\$ 104,594	\$ -	\$ 806,537
Protection services	946,211			946,211
Transportation services	14,772,891	48,774		14,821,665
Environmental services	2,236,092			2,236,092
Recreational and cultural services	<u>937,969</u>			<u>937,969</u>
Total	<u>\$ 19,595,106</u>	<u>\$ 153,368</u>	<u>\$ -</u>	<u>\$ 19,748,474</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2010</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2011</u>
General government	\$ 256,386	\$ 9,327	\$ -	\$ 265,713
Protection services	305,152	68,550		373,702
Transportation services	8,941,292	560,876		9,502,168
Environmental services	84,096	96,210		180,306
Recreational and cultural services	<u>310,287</u>	<u>18,400</u>		<u>328,687</u>
Total	<u>\$ 9,897,213</u>	<u>\$ 753,363</u>	<u>\$ -</u>	<u>\$ 10,650,576</u>

<u>Net book value</u>	Balance at 31 December <u>2010</u>	Balance at 31 December <u>2011</u>
General government	\$ 445,557	\$ 540,824
Protection services	641,059	572,509
Transportation services	5,831,599	5,319,497
Environmental services	2,151,996	2,055,786
Recreational and cultural services	<u>627,682</u>	<u>609,282</u>
Total	<u>\$ 9,697,893</u>	<u>\$ 9,097,898</u>

(See accompanying notes)

Township of Greater Madawaska
Schedule of Reserves and Reserve Funds
For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Contributions:		
From operations	\$ 214,203	\$ 116,710
Transfers:		
To operations	\$ 59,026	\$ 268,985
To tangible capital acquisitions	85,228	171,298
	<u>\$ 144,254</u>	<u>\$ 440,283</u>
Change in reserves and reserve funds balance	\$ 69,949	\$ (323,573)
Reserves and reserve funds at the beginning of the year	<u>1,198,941</u>	<u>1,522,514</u>
Reserves and reserve funds at the end of the year	<u>\$ 1,268,890</u>	<u>\$ 1,198,941</u>
Reserves:		
Working funds	\$ 301,828	\$ 301,828
General government	238,908	286,551
Protection services	75,025	55,003
Roadways	110,458	82,641
Health	20,383	20,383
Environmental	340,000	340,000
Recreation and culture	132,830	78,928
Planning and development	13,730	13,730
Other	<u>35,728</u>	<u>19,877</u>
Total reserves	<u>\$ 1,268,890</u>	<u>\$ 1,198,941</u>

(See accompanying notes)

252 Raglan Street S.
Renfrew, Ontario

INDEPENDENT AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Greater Madawaska.

We have audited the accompanying financial statements of the trust fund of the Corporation of the Township of Greater Madawaska which comprise the statement of financial position as at 31 December 2011, and the statement of operations 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, these financial statements present fairly, in all material respects, the financial position of the trust fund of the Corporation of the Township of Greater Madawaska as at 31 December 2011, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



RENFREW, Ontario.
24 May 2012.

Chartered Accountants,
Licensed Public Accountants.

Township of Greater MadawaskaTrust FundStatement of Financial PositionAs at 31 December 2011

(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current:		
Cash	\$ 190	\$ 200
Loans receivable (Notes 2 and 3)	<u>7,351</u>	<u>7,351</u>
	<u>\$ 7,541</u>	<u>\$ 7,551</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to the Municipality		\$ 10
Due to Ontario	<u>\$ 190</u>	<u>190</u>
	\$ 190	\$ 200
Fund balance	<u>7,351</u>	<u>7,351</u>
	<u>\$ 7,541</u>	<u>\$ 7,551</u>

(See accompanying notes)

Township of Greater Madawaska
Trust Fund
Statement of Operations
For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Fund balance at the beginning of the year	\$ <u>7,351</u>	\$ <u>7,492</u>
Revenue:		
Loan interest	\$ <u>-</u>	\$ <u>59</u>
Expenses:		
Administration fee	\$ <u>-</u>	\$ <u>10</u>
Repayment to Ministry	<u> </u>	<u>190</u>
	\$ <u>-</u>	\$ <u>200</u>
Excess (shortfall) of revenue over expenses	\$ <u>-</u>	\$ <u>(141)</u>
Fund balance at the end of the year	\$ <u><u>7,351</u></u>	\$ <u><u>7,351</u></u>

(See accompanying notes)

Township of Greater Madawaska
Trust Fund
Notes to the Financial Statements
For the year ended 31 December 2011

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 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 2011 are comprised of repayable loans of \$ 7,351 (2010 - \$ 7,351). In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the loans immediately become due and payable by the homeowner.

In 1993, the Ministry of Municipal Affairs and 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 2011, the amount of \$ 190 must be returned to the Province by 1 March 2012.

3. LOANS RECEIVABLE

The loans receivable are not being repaid on a current basis.

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 Greater Madawaska.

We have audited the accompanying financial statements of the Township of Greater Madawaska Library Board which comprise the statement of financial position as at 31 December 2011, and the statement of operations 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 fundraising and donations, 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 Township of Greater Madawaska Library Board and we were not able to determine whether any adjustments might be necessary to fundraising and donations, assets and accumulated surplus.

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 Township of Greater Madawaska Library Board as at 31 December 2011, and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.



RENFREW, Ontario.
24 May 2012.

Chartered Accountants,
Licensed Public Accountants.

Township of Greater Madawaska Library Board

Statement of Financial Position

As at 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current:		
Cash on hand and in bank	\$ 2,489	\$ 2,573
Short term investments	<u>23,134</u>	<u>21,378</u>
	<u>\$ 25,623</u>	<u>\$ 23,951</u>
 <u>LIABILITY AND ACCUMULATED SURPLUS</u>		
Due to Municipality	\$ 1,285	\$ 5,350
Accumulated surplus	<u>24,338</u>	<u>18,601</u>
	<u>\$ 25,623</u>	<u>\$ 23,951</u>

(See accompanying notes)

Township of Greater Madawaska Library Board

Statement of Operations

For the year ended 31 December 2011
(with 2010 figures for comparison)

	<u>2011</u>	<u>2010</u>
Accumulated surplus at the beginning of the year	\$ <u>18,601</u>	\$ <u>17,564</u>
Revenue:		
Ontario grant - Operating	\$ 11,818	\$ 11,818
- Capital		5,813
- Other	3,703	8,509
Municipal grant	41,682	27,810
Fundraising and donations	1,273	3,238
Interest	<u>256</u>	<u>260</u>
	\$ <u>58,732</u>	\$ <u>57,448</u>
Expenses:		
Salaries and benefits	\$ 29,608	\$ 28,852
Books, supplies, materials and maintenance	<u>23,387</u>	<u>27,559</u>
	\$ <u>52,995</u>	\$ <u>56,411</u>
Excess of revenue over expenses	\$ <u>5,737</u>	\$ <u>1,037</u>
Accumulated surplus at the end of the year	\$ <u><u>24,338</u></u>	\$ <u><u>18,601</u></u>

(See accompanying notes)

Township of Greater Madawaska Library Board

Notes to the Financial Statements

For the year ended 31 December 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Greater Madawaska 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.

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian 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 revenue and expenses during the year. Actual results could differ from these estimates.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, short term investments and due to Municipality. Unless otherwise noted, it is management's opinion that the Library Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash on hand and in bank, short term investments and due to Municipality, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

3. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Library Board is not aware of any claims or possible claims as at 31 December 2011.