

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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**Township of Augusta
Consolidated
Financial Statements
December 31, 2012**

Township of Augusta
Five Year Financial Review
(not subject to audit)

December 31	2012	2011	2010	2009	2008
Population (Statistics Canada)	7,430	7,430	7,510	7,510	7,280
Number of Households (2012 & 2011 Statistics Canada/2010 - 2008 MPAC)	2,855	2,921	2,996	2,973	2,973
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	621,208	585,735	562,078	534,198	499,381
Commercial and industrial	57,217	58,618	53,131	52,875	52,102
Total	678,425	644,353	615,209	587,073	551,483
Commercial, industrial as % of assessment	8.40%	9.10%	9.40%	9.00%	9.40%
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.552362	0.559168	0.556348	0.557418	0.577763
▸ for county purposes	0.375854	0.381958	0.392896	0.409801	0.427357
▸ for school board purposes	0.221000	0.231000	0.241000	0.252000	0.264000
Total	1.149216	1.172126	1.190244	1.219219	1.269120
Multi-Residential (municipal)	0.552362	0.559168	0.556348	0.557418	0.664312
Commercial (municipal)	0.743700	0.752864	0.749067	0.750508	0.777900
Industrial (municipal)	1.000549	1.012877	1.007769	1.009707	1.046560
Tax Arrears ▸ percentage of current levy (<10%)**	10.71%	8.04%	7.45%	6.33%	6.39%
Taxes Transferred (000's)					
▸ County	2,470	2,600	2,573	2,549	2,564
▸ School Boards	1,733	2,260	2,393	2,275	2,558
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	3,879	3,928	3,709	3,500	3,460
▸ Government transfers	850	737	661	845	815
▸ Fees and service charges	83	132	102	72	118
▸ Other	266	217	241	187	226
▸ Revenues related to capital assets	461	404	2,545	796	1,072
Total	5,539	5,418	7,258	5,400	5,691
Expenditures (000's)					
▸ Operations	4,843	4,766	4,620	4,105	4,741
▸ Amortization	914	930	1,281	542	461
Net Assets (Net Debt)					
▸ % of Operating Revenue (>(20%))**	65.26%	50.65%	55.60%	53.40%	50.04%
▸ % of Taxation and User Charges (>(50%))**	85.44%	64.65%	70.64%	70.25%	66.80%

** Represents the Provincial Low Risk Indicator.
(Note: All dollar amounts are in thousands of dollars.)

Township of Augusta
Five Year Financial Review
(not subject to audit)

December 31	2012	2011	2010	2009	2008
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	---	---	16	43	69
▸ Long term debt charges (000's)	---	---	3	6	5
▸ Annual repayment limit (000's)	1,089	1,089	917	859	853
▸ Long term debt per household	---	---	5	14	23
▸ Debt charges (000's)					
▸ tax supported	---	---	3	6	5
<hr/>					
Municipal Equity (000's)					
▸ Surplus and Reserves	3,433	2,677	2,832	2,644	2,529
▸ Invested in capital assets	12,767	12,828	12,021	9,572	8,391
▸ Reserves as % of operating expenses (>20%) **	68.77%	54.13%	57.65%	56.30%	50.00%
<hr/>					
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	1.78%	1.64%	2.28%	2.76%	2.68%
▸ financial assets to liabilities excluding long term debt	1.78%	1.64%	2.31%	2.85%	2.83%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	0.00%	0.34%	0.64%	0.67%	0.67%
▸ Total operating revenue to taxable assessment	0.75%	0.78%	0.77%	0.78%	0.84%
▸ Working capital to operating expenses (>10%) **	82.25%	72.34%	70.22%	81.29%	62.48%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	16.74%	14.69%	14.02%	18.36%	17.64%
▸ Total government transfers ▸ to total revenues	23.67%	20.78%	44.17%	26.70%	32.94%



Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Township of Augusta are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Municipality. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Pierre Mercier, CAO

Ray Morrison, Treasurer

Allan

Chartered Accountant Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Augusta:

We have audited the consolidated statement of financial position of the Corporation of the Township of Augusta as at December 31, 2012 and the consolidated statement of operations, 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 Consolidated Financial Statements

The Corporation of the Township of Augusta's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards 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.

Auditor's 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 whether the consolidated financial statements are free of 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 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of Augusta as at December 31, 2012 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



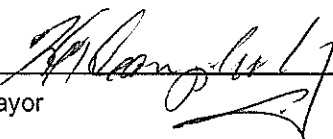
Chartered Accountants
Licensed Public Accountants
Allan Chartered Accountants Professional Corporation
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
October 22, 2013.

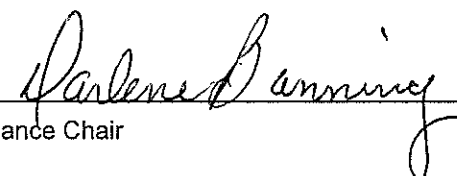
**Township of Augusta
Consolidated Statement of Financial Position**

December 31	2012	2011
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	2,958,426	2,677,779
Taxes receivable	877,704	718,742
Accounts receivable	1,311,398	661,365
Long term receivables	23,713	33,052
	5,171,241	4,090,938
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	1,147,363	561,707
Accrued landfill closure and post closure (note 9)	500,660	500,660
Prepaid property taxes	26,765	60,778
Other current liabilities	13,579	20,589
Deferred revenues (note 4)	145,280	374,706
Long term liabilities (note 5)	23,713	33,052
	1,857,360	1,551,492
NET FINANCIAL ASSETS	3,313,881	2,539,446
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	12,767,027	12,828,282
Inventories	80,687	98,545
Prepaid expenses	38,953	38,670
	12,886,667	12,965,497
Contingent Liabilities (note 11)		
MUNICIPAL EQUITY (note 6)	16,200,548	15,504,943

Approved On Behalf of Council:



Mayor



Finance Chair

The accompanying notes are an integral part of these consolidated financial statements.

Township of Augusta
Consolidated Statement of Operations

For the year ended December 31	(Note 15) Budget	2012	2011
	\$	\$	\$
REVENUES			
Taxation ▶ residential	3,457,691	3,367,139	3,214,265
▶ commercial	484,944	472,437	668,166
▶ garbage collection and local improvement	11,042	20,580	23,882
▶ other governments	25,000	18,599	21,897
User charges ▶ general government	11,598	12,834	14,948
▶ transportation services	17,500	5,835	16,535
▶ protection to persons and property	20,000	34,760	45,714
▶ environment	28,500	3,461	16,037
▶ recreation and culture	21,760	26,265	38,489
Government transfers	709,797	850,224	736,651
Contribution from developers	2,500	---	---
Licences and permits	55,000	64,365	42,624
Investment income	25,250	38,852	34,642
Penalties and interest on taxes	95,000	116,293	100,378
Other	51,350	46,294	39,743
TOTAL REVENUES	5,016,932	5,077,938	5,013,971
EXPENDITURES			
General government	612,136	616,234	848,662
Protection to persons and property	1,460,488	1,432,768	1,298,558
Transportation services	2,233,785	1,954,408	1,913,954
Environmental services	546,280	341,862	434,403
Social and health services	5,000	2,019	520
Recreation and cultural services	213,758	187,344	225,812
Planning and development	162,377	308,436	44,054
TOTAL EXPENDITURES	5,233,824	4,843,071	4,765,963
NET REVENUES (EXPENDITURES) FROM OPERATIONS	(216,892)	234,867	248,008
OTHER			
Grants and transfers related to capital			
Government transfers	---	460,738	389,300
Contribution from developers	---	---	15,000
	---	460,738	404,300
ANNUAL SURPLUS (DEFICIT)	(216,892)	695,605	652,308
MUNICIPAL EQUITY, BEGINNING OF YEAR	15,504,943	15,504,943	14,852,635
MUNICIPAL EQUITY, END OF YEAR	15,288,051	16,200,548	15,504,943

The accompanying notes are an integral part of these consolidated financial statements.

Township of Augusta
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	(Note 15) Budget	2012	2011
	\$	\$	\$
ANNUAL SURPLUS	(216,892)	695,605	652,308
Amortization of tangible capital assets	913,942	914,421	930,452
Acquisition of tangible capital assets	(1,008,000)	(853,166)	(1,624,961)
Acquisition of supplies inventories	---	17,858	(37,364)
Acquisition of prepaid expenses	---	(283)	(945)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(310,950)	774,435	(80,510)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,539,446	2,539,446	2,619,956
NET FINANCIAL ASSETS, END OF YEAR	2,228,496	3,313,881	2,539,446

The accompanying notes are an integral part of these consolidated financial statements.

Township of Augusta
Consolidated Statement of Cash Flows

For the year ended December 31	2012	2011
	\$	\$
OPERATING		
Annual surplus for the year	695,605	652,308
Amortization	914,421	930,452
	1,610,026	1,582,760
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(158,962)	(46,614)
Accounts receivable	(650,033)	247,133
Accounts payable	585,656	111,377
Prepaid property taxes	(34,013)	7,357
Accrued landfill closure and post closure	---	93,570
Other current liabilities	(7,010)	(395)
Deferred revenues (note 4)	(229,426)	218,458
Inventories	17,858	(37,364)
Prepaid expenses	(283)	(945)
Long term receivables	9,339	11,108
	(466,874)	603,685
Working Capital from Operations	1,143,152	2,186,445
CAPITAL		
Acquisition of tangible capital assets	(853,166)	(1,624,961)
Net investment in tangible capital assets	(853,166)	(1,624,961)
FINANCING		
Debt principal repayments	(9,339)	(27,546)
Net decrease in cash from financing activities	(9,339)	(27,546)
NET INCREASE IN CASH	280,647	533,938
CASH, BEGINNING OF YEAR	2,677,779	2,143,841
CASH, END OF YEAR	2,958,426	2,677,779

The accompanying notes are an integral part of these consolidated financial statements.

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2012

1. Status of the Township of Augusta

The Township of Augusta (the 'Township') was formed January 21, 1850 and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

2. Significant Accounting Policies

The consolidated financial statements of the Township of Augusta are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies by the Township are as follows:

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 inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:
 - ▶ North Augusta Cemetery Board
 - ▶ McGinn's Cemetery Board
 - ▶ Augusta Library Board
 - ▶ Police Services Board
- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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.
- (iii) Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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	
Buildings	40 years
Furniture and Equipment	7 years
Vehicles	7 to 20 years
Roads	10 to 40 years
Bridges	75 years
Construction in Progress	

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$5,000 for vehicles and equipment and \$20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

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 other asset as of the date of transfer.

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.

Inventories and Prepaid Expenses

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

Pension and Employee Benefits

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

Cash and Cash Equivalents

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which 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.

Deferred Revenues

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

Landfill Closure and Post-Closure Liabilities

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of 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 twenty-five 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.

Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable as other financial liabilities.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the Township's best information and judgment and may differ significantly based on actual results.

3. Operations of the School Boards and United Counties of Leeds and Grenville

During 2012, the Township collected and made property tax transfers including payments in lieu of property taxes, to the United Counties of Leeds and Grenville and School Boards as follows:

	School Boards \$	County \$
Property taxes	1,732,601	2,461,518
Taxation from other governments	285	8,206
Amounts requisitioned and paid	1,732,886	2,469,724

4. Deferred Revenues

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 as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	Federal Gas Tax \$	Parkland \$	Total \$
January 1, 2012	332,321	42,385	374,706
Interest	---	943	943
Government grants	230,369	---	230,369
Transfer to capital fund	(460,738)	---	(460,738)
December 31, 2012	101,952	43,328	145,280

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

5. Long Term Liabilities

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2012	2011
	\$	\$
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	23,713	33,052
Net long term liabilities at the end of the year	23,713	33,052

- (b) Principal payments fall due as follows:

	General Revenues
	\$
2013	6,974
2014	7,392
2015	4,836
2016	4,511
	23,713

- (c) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Interest expense on long term liabilities in 2012 amounted to \$2,038 (2011 \$3,125).

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

6. Municipal Equity

Municipal equity consists of:

	2012	2011
	\$	\$
Tangible capital assets	12,767,027	12,828,282
Unrestricted surplus	102,879	96,789
Unexpended (Unfinanced) Capital Projects		
General government	14,803	14,803
Maitland School property	(57,943)	(57,943)
Transportation services	203,060	203,060
	159,920	159,920
Reserves (Schedule 1)	3,037,078	2,286,308
Reserve Funds (Schedule 1)	133,644	133,644
Total Municipal Equity	16,200,548	15,504,943

7. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS was \$69,725 (2011 \$74,534) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

8. Trust Funds

Trust funds administered by the Township amounting to \$4,400 (2011 \$4,356) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

9. Landfill Closure and Post Closure Liability

The Environment 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 and is in accordance with the Township's accounting policy.

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 of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities is based on estimates and assumptions with respect to events extending over a twenty-five 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.

The Township currently has two inactive landfill sites. The estimated closure costs and post closure costs are as follows:

	Remaining Capacity (cubic metres)	Anticipated Lifespan	Estimated Closure Costs	Estimated Post Closure Costs Per Year
			\$	\$
North Augusta	closed	0 years	500,660	40,000
Maynard	closed	0 years	---	10,000

The anticipated closure plan involves covering the site with a clay cap and placement of top soil over the buried waste, landscaping and revegetation and ongoing annual monitoring.

10. Contractual Obligations

The Municipality has negotiated a long term contract for the operation of the Township's landfill site. The contract ends December 31, 2013. Annual charges under the contract are determined by the contract. The current contract amounts to \$136,600 annually.

The Municipality has extended a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ends April 30, 2014. Annual charges are determined based on level of service and are reconciled to actual costs in the following year. Contract payments for 2012 were \$823,821 (2011 \$838,680).

11. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2012, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

12. Risk Management

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable and accounts payable. The fair values of cash, investments and accounts payable approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2011.

Credit Risk

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

Liquidity Risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

13. Tangible Capital Assets

	2012	2011
	\$	\$
Land	469,901	474,191
Buildings	1,903,498	1,972,468
Furniture and Equipment	123,900	139,482
Vehicles	1,077,791	1,227,317
Roads	7,773,034	7,576,104
Bridges	815,523	835,340
Construction in Progress	603,380	603,380
	12,767,027	12,828,282

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

14. Segmented Information

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations.

Departments have been separately disclosed in the segmented information, along with the service they provide which are set out in the schedule below.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

2012	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	50,508	---	---	---	---	50,508
Corporate Management & Program Support	303,380	---	253,076	---	9,270	565,726
Protection to Persons & Property						
Fire	122,764	---	162,681	---	110,807	396,252
Police	---	---	845,666	---	---	845,666
Conservation Authority	---	---	---	33,717	---	33,717
Protective Inspection	118,967	---	38,166	---	---	157,133
Transportation						
Roadways	409,129	---	680,485	---	758,343	1,847,957
Winter Control	---	---	91,474	---	---	91,474
Street Lighting	---	---	14,977	---	---	14,977
Environmental						
Waste Services	---	---	336,394	---	3,780	340,174
Recycling	---	---	1,688	---	---	1,688
Health Services						
Cemeteries	---	---	2,019	---	---	2,019
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	67,565	---	14,692	82,257
Libraries	57,212	---	30,346	---	17,529	105,087
Planning and Development						
Planning & Zoning	9,215	---	296,080	3,141	---	308,436
2012	1,071,175	---	2,820,617	36,858	914,421	4,843,071

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2012

14. Segmented Information / continued

2011	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	60,439	---	---	---	---	60,439
Corporate Management & Program Support	312,781	---	466,172	---	9,270	788,223
Protection to Persons & Property						
Fire	17,466	---	139,710	69,000	109,504	335,680
Police	---	---	778,709	---	---	778,709
Conservation Authority	---	---	---	32,466	---	32,466
Protective Inspection	109,728	---	40,975	1,000	---	151,703
Transportation						
Roadways	344,720	577	669,275	---	758,343	1,772,915
Winter Control	75,670	---	49,118	---	---	124,788
Street Lighting	---	---	16,251	---	---	16,251
Environmental						
Waste Services	---	---	398,156	---	3,780	401,936
Recycling	---	---	32,467	---	---	32,467
Health Services						
Cemeteries	---	---	520	---	---	520
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	84,350	---	14,691	99,041
Libraries	57,073	---	34,834	---	34,864	126,771
Planning and Development						
Planning & Zoning	---	---	40,054	4,000	---	44,054
2011	977,877	577	2,750,591	106,466	930,452	4,765,963

15. Budget Figures

The operating budget approved by Township Council, for 2012 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are 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 purposes of these consolidated financial statements to comply with PSAB reporting requirements.

Township of Augusta
Schedule 1 ▶ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 15) Budget	2012	2011
	\$	\$	\$
Revenues			
Investment income	---	---	410
Total Net Revenues	---	---	410
Net Transfers From / (To) Other Funds			
Transfers from operations	180,000	324,745	289,738
Transfers from (to) capital acquisitions	(72,000)	426,025	(339,500)
Total Net Transfers	108,000	750,770	(49,762)
Reserves and Reserve Fund Balances, Change in Year	108,000	750,770	(49,352)
Reserves and Reserve Fund Balances, Beginning of Year	2,419,952	2,419,952	2,469,304
Reserves and Reserve Fund Balances, End of Year	2,527,952	3,170,722	2,419,952

Composition of Reserves and Reserve Funds

For the year ended December 31	2012	2011
	\$	\$
Reserves set aside for specific purposes by Council:		
▶ for working capital	699,986	652,831
▶ for fire building	413,005	413,005
▶ for fire vehicle / equipment	550,779	400,000
▶ for insurance deductible	2,000	6,000
▶ for roads equipment	623,808	483,972
▶ for roads construction	315,500	115,500
▶ for elections	17,000	10,000
▶ for administrative equipment	50,000	40,000
▶ for waste management	190,000	165,000
▶ for bridge repairs	100,000	---
▶ for salt dome	75,000	---
Total Reserves	3,037,078	2,286,308
Reserve Funds		
▶ for capital landfill	60,894	60,894
▶ for subdivision levies	72,750	72,750
Total Reserve Funds	133,644	133,644
Total Reserves and Reserve Funds	3,170,722	2,419,952

The accompany notes are an integral part of these consolidated financial statements.

Township of Augusta
Schedule 2 ▶ 2012 Tangible Capital Assets

Asset Class	Cost 01/01/12	Additions	(Disposals)	Cost 31/12/12
	\$	\$	\$	\$
Land	492,013	---	---	492,013
Buildings	3,076,967	---	---	3,076,967
Furniture and Equipment	361,397	10,660	---	372,057
Vehicles	3,091,653	---	---	3,091,653
Roads	14,113,667	842,506	---	14,956,173
Bridges	1,486,218	---	---	1,486,218
Construction in Progress	603,380	---	---	603,380
	23,225,295	853,166	---	24,078,461

Asset Class	Accumulated Amortization 01/01/12	Amortization	(Disposals)	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$
Land	17,822	4,290	---	22,112	469,901
Buildings	1,104,499	68,970	---	1,173,469	1,903,498
Furniture and Equipment	221,915	26,242	---	248,157	123,900
Vehicles	1,864,336	149,526	---	2,013,862	1,077,791
Roads	6,537,563	645,576	---	7,183,139	7,773,034
Bridges	650,878	19,817	---	670,695	815,523
Construction in Progress	---	---	---	---	603,380
	10,397,013	914,421	---	11,311,434	12,767,027

The accompany notes are an integral part of these consolidated financial statements.

**Township of Augusta
Schedule 2 ▶ 2011 Tangible Capital Assets**

Asset Class	Cost 01/01/11	Additions	(Disposals)	Cost 31/12/11
	\$	\$	\$	\$
Land	492,013	---	---	492,013
Buildings	2,630,588	446,379	---	3,076,967
Furniture & Equipment	302,828	58,569	---	361,397
Vehicles	3,081,477	10,176	---	3,091,653
Roads	13,192,200	921,467	---	14,113,667
Bridges	1,486,218	---	---	1,486,218
Construction in Progress	415,010	188,370	---	603,380
	21,600,334	1,624,961	---	23,225,295

Asset Class	Accumulated Amortization 01/01/11	Amortization	(Disposals)	Accumulated Amortization 31/12/11	Net Book Value 31/12/11
	\$	\$	\$	\$	\$
Land	13,532	4,290	---	17,822	474,191
Buildings	1,035,529	68,970	---	1,104,499	1,972,468
Furniture & Equipment	179,642	42,273	---	221,915	139,482
Vehicles	1,714,810	149,526	---	1,864,336	1,227,317
Roads	5,891,987	645,576	---	6,537,563	7,576,104
Bridges	631,061	19,817	---	650,878	835,340
Construction in Progress	---	---	---	---	603,380
	9,466,561	930,452	---	10,397,013	12,828,282

The accompany notes are an integral part of these consolidated financial statements.

Allan

Chartered Accountant Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Augusta:

We have audited the statement of financial position of the trust fund of the Corporation of the Township of Augusta as at December 31, 2012 and the statement of financial activities of the trust fund for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Corporation of the Township of Augusta's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards 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.

Auditor's 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 whether the financial statements are free of 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 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 Township of Augusta as at December 31, 2012 and the financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Accountants
Licensed Public Accountants
Allan Chartered Accountants Professional Corporation
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
October 22, 2013.

**Township of Augusta
Trust Fund
Statement of Financial Position**

December 31	2012	2011
	\$	\$
ASSETS		
Cash	4,400	4,356
LIABILITIES		
Fund balance	4,400	4,356

Statement of Financial Activities

For the year ended December 31	2012	2011
	\$	\$
REVENUES		
Perpetual care fees	44	44
EXPENDITURES	---	---
NET REVENUES FOR THE YEAR	44	44
BALANCE AT THE BEGINNING OF THE YEAR	4,356	4,312
BALANCE AT THE END OF THE YEAR	4,400	4,356

The accompanying notes are an integral part of these financial statements.

**Township of Augusta
Trust Fund
Notes to the Financial Statements**

December 31, 2012

1. Significant Accounting Policies

Reporting Entity

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

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

Township of Augusta Public Library Board

400 County Road 15, R.R.#2
Brockville, ON K6V 5T2
613-926-2449

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Township of Augusta Public Library Board are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

The financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

Jacque Kelly, Chair

Daphne Smith, Treasurer

Allan

Chartered Accountant Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Augusta Public Library Board:

We have audited the statement of financial position of the Corporation of the Township of Augusta Public Library Board as at December 31, 2012 and the statement of operations, 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

The Corporation of the Township of Augusta Public Library Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards 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.

Auditor's 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 whether the financial statements are free of 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 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 Township of Augusta Public Library Board as at December 31, 2012 and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Accountants
Licensed Public Accountants
Allan Chartered Accountants Professional Corporation
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
July 8, 2013.

**Township of Augusta Public Library Board
Statement of Financial Position**

December 31	2012	2011
	\$	\$
ASSETS		
Financial Assets		
Cash	12,891	27,554
Accounts receivable	16,943	2,975
	29,834	30,529
LIABILITIES		
Financial Liabilities		
Accounts payable	2	---
	29,832	30,529
NET FINANCIAL ASSETS		
	29,832	30,529
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5) (Schedule 1)	356,345	369,727
	386,177	400,256
ACCUMULATED SURPLUS (note 4)		
	386,177	400,256

The accompanying notes are an integral part of these financial statements.

Township of Augusta Public Library Board
Statement of Operations

For the year ended December 31	(Note 6) Budget	2012	2011
	\$	\$	\$
REVENUES			
Government Grants			
Municipal Grants > operating grant	22,897	22,107	18,485
> contribution	65,800	66,780	67,005
Provincial Grants > operating	13,297	13,297	13,297
Other Income			
Special fundraising	1,800	2,998	1,801
Operational revenues	3,460	2,512	3,460
Donations	1,000	604	913
Interest	250	220	278
Other special revenues	4,000	2,532	11,810
TOTAL REVENUES	112,504	111,050	117,049
EXPENDITURES			
Amortization	17,050	35,455	34,864
Salaries, wages, employee benefits	58,000	57,212	57,073
Library reading materials	1,160	(3,743)	(1,107)
Professional fees	1,100	837	1,200
Membership fees	125	125	125
Administration and programming	2,644	2,256	2,405
Facilities	20,775	23,278	21,218
Supplies	1,050	825	942
Computing	1,900	1,255	1,621
Professional development	300	---	20
Payroll services	2,900	2,861	2,799
Donation related	1,000	992	1,048
Fundraising and specific funding related	4,000	3,114	5,374
Capital	500	662	384
TOTAL EXPENDITURES	112,504	125,129	127,966
ANNUAL DEFICIT	---	(14,079)	(10,917)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	400,256	400,256	411,173
ACCUMULATED SURPLUS, END OF YEAR	400,256	386,177	400,256

The accompanying notes are an integral part of these financial statements.

**Township of Augusta Public Library Board
Statement of Changes in Net Financial Assets**

For the year ended December 31	2012	2011
	\$	\$
ANNUAL DEFICIT	(14,079)	(10,917)
Amortization of tangible capital assets	35,455	34,864
Acquisition of tangible capital assets	(22,073)	(17,931)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(697)	6,016
NET FINANCIAL ASSETS, BEGINNING OF YEAR	30,529	24,513
NET FINANCIAL ASSETS, END OF YEAR	29,832	30,529

Statement of Cash Flows

For the year ended December 31	2012	2011
	\$	\$
OPERATING		
Annual deficit	(14,079)	(10,917)
Net Change in Non-Cash Working Capital Items		
Accounts receivable	(13,968)	(148)
Accounts payable	2	(776)
	(13,966)	(924)
Non-cash charges to operations		
Amortization	35,455	34,864
Working Capital from Operations	7,410	23,023
CAPITAL		
Acquisition of tangible capital assets	(22,073)	(17,931)
NET (DECREASE) INCREASE IN CASH	(14,663)	5,092
CASH, BEGINNING OF YEAR	27,554	22,462
CASH, END OF YEAR	12,891	27,554

The accompanying notes are an integral part of these financial statements.

Township of Augusta Public Library Board

Notes to the Financial Statements

December 31, 2012

1. Status of the Board

The Township of Augusta Public Library Board (the 'Board') was formed in October 1978 pursuant to the Public Libraries Act and the Township of Augusta.

2. Significant Accounting Policies

The financial statements of the Township of Augusta Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies by the Board are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

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. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Land	
Land Improvements	15 years
Buildings	40 years
Computer Software	4 years
Computer Hardware	4 years
Shelving	40 years
Library Collection	7 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Township of Augusta Public Library Board Notes to the Financial Statements

December 31, 2012

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

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 other assets as of the date of transfer.

Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which 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.

Deferred Revenues

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

**Township of Augusta Public Library Board
Notes to the Financial Statements**

December 31, 2012

3. Risk Management

In the normal course of operations, the Library Board is exposed to a variety of financial risks which are actively managed by the Library Board.

The Library Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Library Board's exposure to and management of risk has not changed materially from December 31, 2011.

Credit Risk

Credit risk arises from the possibility that the entities to which the Library Board provides services to may experience difficulty and be unable to fulfill their obligations. The Library Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Library Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Library Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Library Board's operating results.

Liquidity Risk

Liquidity risk is the risk that the Library Board will not be able to meet its obligations as they fall due. The Library Board requires working capital to meet day-to-day operating activities. Management expects that the Library Board's cash flows from operating activities will be sufficient to meet these requirements.

4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2012	2011
	\$	\$
Surplus		
Invested in tangible capital assets	356,345	369,727
Current Fund	29,832	30,529
Accumulated Surplus	386,177	400,256

**Township of Augusta Public Library Board
Notes to the Financial Statements**

December 31, 2012

5. Tangible Capital Assets

Net Book Value of Assets	2012	2011
	\$	\$
Land	1	1
Land Improvements	12,941	14,789
Buildings	276,200	288,755
Computer Hardware	---	1,643
Shelving	8,250	8,625
Library Collection	58,953	55,914
	356,345	369,727

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

6. Budget Figures

The Township of Augusta Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2012 is included in the budget figures presented in the Statement of Operations.

Township of Augusta Public Library Board
Schedule 2 ▶ Tangible Capital Assets

December 31, 2012

Assets	Cost 01/01/12	Additions (Disposals)	Cost 31/12/12	Accumulated Amortization 01/01/12	Amortization 2012	Adjustments	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$	\$	\$	\$
Land	1	---	1	---	---	---	---	1
Land Improvements	27,727	---	27,727	12,938	1,848	---	14,786	12,941
Buildings	502,184	---	502,184	213,429	12,555	---	225,984	276,200
Computer Software	4,146	---	4,146	4,146	---	---	4,146	---
Computer Hardware	10,217	---	10,217	8,574	1,643	---	10,217	---
Shelving	15,000	---	15,000	6,375	375	---	6,750	8,250
Library Collection	129,091	4,147	133,238	73,177	19,034	(17,926)	74,285	58,953
	688,366	4,147	692,513	318,639	35,455	(17,926)	336,168	356,345

December 31, 2011

Assets	Cost 01/01/11	Additions (Disposals)	Cost 31/12/11	Accumulated Amortization 01/01/11	Amortization 2011	Adjustments	Accumulated Amortization 31/12/11	Net Book Value 31/12/11
	\$	\$	\$	\$	\$	\$	\$	\$
Land	1	---	1	---	---	---	---	1
Land Improvements	27,727	---	27,727	11,090	1,848	---	12,938	14,789
Buildings	502,184	---	502,184	200,874	12,555	---	213,429	288,755
Computer Software	4,146	---	4,146	4,146	---	---	4,146	---
Computer Hardware	10,217	---	10,217	6,930	1,644	---	8,574	1,643
Shelving	15,000	---	15,000	6,000	375	---	6,375	8,625
Library Collection	144,825	(15,734)	129,091	88,399	18,442	(33,664)	73,177	55,914
	704,100	(15,734)	688,366	317,439	34,864	(33,664)	318,639	369,727

The accompanying notes are an integral part of these financial statements.