

Consolidated Financial Statements

**CORPORATION OF THE TOWN OF
ARNPRIOR**

Year ended December 31, 2009

CORPORATION OF THE TOWN OF ARNPRIOR

Year ended December 31, 2009

CORPORATION OF THE TOWN OF ARNPRIOR

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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Arnprior

We have audited the consolidated statement of financial position of the Corporation of the Town of Arnprior as at December 31, 2009 and the consolidated statements of operations and accumulated municipal equity, change in net financial assets (net debt) and cash flows for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Arnprior as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada
January 7, 2011

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated, note 2)
Assets		
Financial assets:		
Cash	\$ 2,542,223	\$ 6,707,813
Taxes receivable	1,616,576	1,290,020
Water and sewer billings receivable	914,085	860,921
Accounts receivable	934,498	910,790
Investments, at cost (note 5)	1,263,000	1,563,000
	<u>7,270,382</u>	<u>11,332,544</u>
Liabilities:		
Accounts payable and accrued liabilities	2,180,963	1,580,699
Deferred revenue – obligatory reserve funds (note 6)	682,710	1,642,775
Deferred revenue – other	208,650	212,750
Accrued vacation pay	65,000	65,000
Landfill site closure and post-closure costs (note 7)	1,006,199	924,329
Net long-term liabilities (note 8)	5,887,268	6,223,038
	<u>10,030,790</u>	<u>10,648,591</u>
Net financial assets (net debt)	(2,760,408)	683,953
Non-financial assets:		
Prepaid expenses	11,114	5,018
Inventories of supplies	45,612	44,351
Tangible capital assets (note 9)	29,534,259	22,775,505
Total non-financial assets	<u>29,590,985</u>	<u>22,824,874</u>
Contractual obligations (note 10)		
Contingent liabilities (note 11)		
Accumulated municipal equity (note 12)	<u>\$ 26,830,577</u>	<u>\$ 23,508,827</u>

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2009, with comparative figures for 2008

	Budget 2009	Actual 2009	Actual 2008
	(Unaudited, note 13)		(Restated, note 2)
Revenue:			
Property taxation	\$ 6,603,836	\$ 6,709,891	\$ 6,400,546
Taxation from other governments	128,095	140,029	99,176
User charges	4,295,845	4,115,519	4,287,279
Government grants:			
Province of Ontario	2,670,610	3,108,031	1,704,848
Government of Canada	185,000	2,216,393	105,000
Other municipalities	177,419	194,107	184,152
Investment income	49,486	109,723	397,611
Donations	5,950	28,978	81,026
Other	172,200	425,427	359,997
Transfers from deferred revenue - obligatory reserve funds (note 6)	35,000	167,332	266,611
Total revenue	14,323,441	17,215,430	13,886,246
Expenses (note 14):			
General government	1,379,823	1,424,218	1,380,363
Protection to persons and property	2,387,668	2,869,675	2,558,793
Transportation services	1,630,111	2,442,125	2,341,283
Environmental services	3,379,019	4,180,162	2,318,312
Health and social services	60,600	85,858	45,703
Recreational and cultural services	2,431,028	2,739,530	3,085,194
Planning and development	125,858	152,112	125,016
Total expenses	11,394,107	13,893,680	11,854,664
Annual surplus	2,929,334	3,321,750	2,031,582
Accumulated municipal equity, beginning of year		23,508,827	21,477,245
Accumulated municipal equity, end of year (note 12)		\$ 26,830,577	\$ 23,508,827

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Change in Net Financial Assets (Net Debt)

Year ended December 31, 2009, with comparative figures for 2008

	Budget 2009	Actual 2009	Actual 2008
	(Unaudited, note 13)		
Annual surplus	\$ 2,929,334	\$ 3,321,750	\$ 2,031,582
Acquisition of tangible capital assets	(7,377,677)	(7,925,402)	(1,954,364)
Amortization of tangible capital assets	–	1,115,634	1,220,390
Loss on disposal of tangible capital assets	–	51,014	–
	(4,448,343)	(3,437,004)	1,297,608
Decrease (increase) in prepaid expenses	–	(6,096)	10,500
Increase in inventories of supplies	–	(1,261)	(10,318)
Change in net financial assets (net debt)	(4,448,343)	(3,444,361)	1,297,790
Net financial assets (net debt), beginning of year		683,953	(613,837)
Net financial assets (net debt), end of year		\$ (2,760,408)	\$ 683,953

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
Operating transactions:		
Annual surplus	\$ 3,321,750	\$ 2,031,582
Items not involving cash:		
Amortization of tangible capital assets	1,115,634	1,220,390
Loss on disposal of tangible capital assets	51,014	–
Increase in landfill site closure and post-closure cost liabilities	81,870	83,130
	1,248,518	1,303,520
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(326,556)	76,516
Increase in water and sewer billings receivable	(53,164)	(128,646)
Decrease (increase) in accounts receivable	(23,708)	229,233
Increase in accounts payable and accrued liabilities	600,264	163,553
Increase (decrease) in deferred revenue – obligatory reserve funds	(960,065)	304,637
Increase (decrease) in deferred revenue – other	(4,100)	182,700
Decrease (increase) in prepaid expenses	(6,096)	10,500
Increase in inventories of supplies	(1,261)	(10,318)
	(774,686)	828,175
Net change in cash from operations	3,795,582	4,163,277
Capital transactions:		
Acquisition of tangible capital assets	(7,925,402)	(1,954,364)
Investing transactions:		
Net disposal of investments	300,000	1,104
Financing transactions:		
Debt principal repayments	(335,770)	(336,298)
Increase (decrease) in cash	(4,165,590)	1,873,719
Cash, beginning of year	6,707,813	4,834,094
Cash, end of year	\$ 2,542,223	\$ 6,707,813

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Town of Arnprior (the "Town") are the responsibility of management prepared in accordance with Canadian generally accepted accounting principles prescribed for local government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

Arnprior Public Library Board

Arnprior Municipal Cemetery

Arnprior Airport Commission

Downtown Arnprior Business Improvement Area Association

(ii) Accounting for County and School Board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Renfrew are not reported in the municipal fund balances of these financial statements.

(iii) Trust funds and their related operations administered by the Town are not reported in these financial statements but are reported separately on the financial statements of the "Town of Arnprior Trust Funds".

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(b) Accrual accounting:

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Investments:

Investments are recorded at cost plus accrued interest and amortization of bond discounts or premiums. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

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

(d) Deferred revenue:

The Town receives certain user charges and fees which have been collected for which services have yet to be performed. The amounts are recorded as deferred revenue – other and are recognized as revenue in the financial period that the service is rendered.

The Town also receives restricted contributions under the authority of provincial legislation, regulations and the Town's by-laws. These funds by their nature are restricted in their use, and until applied to applicable expenditures, are recorded as deferred revenue – obligatory reserve funds. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

(e) Landfill site closure and post-closure costs:

The Town accrues landfill site 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 43-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.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(f) 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.

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Buildings and building improvements	33-50
Linear assets	20-75
Machinery and equipment	5-20
Vehicles	5-10

For linear assets, a full year's amortization is charged in the year that the asset is available for production use.

For all other asset categories, annual amortization is charged at 50% in the year of acquisition. Assets under construction are not amortized as the asset is not available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization:

Interest is capitalized whenever debt is used to finance the construction of tangible capital assets.

(v) Inventories of supplies:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(g) Government transfers:

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

(h) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

In addition, the Town's implementation of the Public Sector Accounting Handbook PS 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. Changes in accounting policies:

The Town has implemented Public Sector Accounting Handbook Sections 1200, *Financial Statement Presentation* and 3150, *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Town applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Consumer Price Index or Non-Residential Building Consumer Price Index ("NRBCPI") was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policies (continued):

This change has been applied retroactively and prior periods have been restated. This change in accounting policies has changed amounts reported in the comparative period as follows:

(a) Accumulated municipal equity:

	December 31, 2008	January 1, 2008
Municipal position (deficit):		
Current fund balance	\$ 369,043	\$ 307,425
Capital fund balance	(2,954,744)	(3,444,100)
Reserves	2,535,035	2,194,091
Reserve funds	7,730,222	7,577,700
Amounts to be recovered	(7,212,367)	(7,465,535)
Municipal position (deficit), as previously reported	467,189	(830,419)
Net book value of tangible capital assets recorded	22,775,505	22,041,531
Reclassification of deferred revenue to accumulated surplus	266,133	266,133
Accumulated municipal equity, as restated	\$23,508,827	\$21,477,245

(b) Annual surplus:

	2008
Net revenues, as previously reported	\$ 1,287,290
Add:	
Tangible capital assets capitalized, previously expensed in year	1,954,364
Change in non-financial assets not previously reported as an expense	10,318
Less:	
Amortization of tangible capital assets not previously recorded	1,220,390
Annual surplus, as restated	\$ 2,031,582

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

3. Operations of school boards and the County of Renfrew:

During 2009, requisitions were made by the school boards and the County of Renfrew requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

School Boards	2009	2008
Taxation and user charges	\$ 2,999,234	\$ 3,020,427
Amount transferred to school boards	\$ 2,999,234	\$ 3,020,427
County of Renfrew	2009	2008
Taxation and user charges	\$ 3,113,764	\$ 3,043,758
Payments in lieu	28,501	30,043
Amount transferred to the County of Renfrew	\$ 3,142,265	\$ 3,073,801

4. Trust funds:

Trust funds administered by the Town amounting to \$585,559 (2008 - \$577,967) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Municipal Equity.

5. Investments:

	2009		2008	
	Cost	Market value	Cost	Market value
Guaranteed investment certificates	\$ 1,263,000	\$ 1,287,000	\$ 1,563,000	\$ 1,594,000

Investments held by the Town relate to reserve funds. The guaranteed investment certificates have interest rates ranging between 4.16% to 4.9% and maturity dates between June 2010 and March 2013.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

6. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Town are summarized below:

	2009	2008
Balance, beginning of year	\$ 1,642,775	\$ 1,338,138
Investment income	24,995	61,048
Subdivider contributions	239,840	393,355
Federal gas tax grant received	233,691	116,845
Recognized as revenue:		
Grants - Province of Ontario	(1,291,259)	–
Transfers	(167,332)	(266,611)
Balance, end of year	\$ 682,710	\$ 1,642,775
Analyzed as follows:		
Development charges	\$ 469,663	\$ 362,350
Federal gas tax	195,363	298,599
Cash in lieu of parkland	17,684	40,501
Provincial RII grant	–	941,325
	\$ 682,710	\$ 1,642,775

7. Landfill site closure and post-closure liabilities:

The landfill site closure and post-closure costs are the Town's estimates of the future costs of closing the Town's landfill site.

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 site 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 liability is based on estimates and assumptions with respect to events extending over a 43-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.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

7. Landfill site closure and post-closure liabilities (continued):

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Town's average long-term borrowing rate of 8% using an inflation factor of 3%. The estimated total landfill site closure and post-closure care expenditures are calculated to be \$1,900,155. The estimated liability for these expenditures is recognized as the landfill site's capacity is used. The estimated remaining capacity of the landfill site is 262,978 cubic meters of its total estimated capacity and its estimated remaining life is 22.8 years, after which the period for post-closure care is estimated to be 25 years.

Included on the Consolidated Statement of Financial Position is an accrued liability of \$1,006,199 (2008 - \$924,329) with respect to landfill closure and post-closure liabilities recognized to date.

The Town has reserve funds totalling \$1,006,199 (2008 - \$924,329) for the landfill site closure and post-closure care of the landfill site.

8. Net long-term liabilities:

(a) Balance:

The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following amounts:

	2009	2008
Total long-term liabilities incurred by the Town including those incurred on behalf of municipal enterprises and outstanding at the end of the year amount to	\$ 5,887,268	\$ 6,223,038

(b) Principal repayment schedule:

Principal due on total long-term liabilities from general municipal revenues and user fees is summarized as follows:

2010	\$	348,976
2011		362,855
2012		377,442
2013		392,778
2014		408,894
Thereafter		3,996,323
	\$	5,887,268

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

8. Net long-term liabilities:

(c) Payments for net long-term liabilities:

Payments made on the year on account of net long-term liabilities consist of:

	2009	2008
Principal payments	\$ 335,771	\$ 336,298
Interest payments	277,970	292,898
	<u>\$ 613,741</u>	<u>\$ 629,196</u>

(d) Approval of long-term liabilities

The long-term liabilities disclosed in note 8(a) issued in the name of the Town have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing of Ontario.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

9. Tangible capital assets:

(a) 2008 balances and activity:

Cost	Balance at December 31, 2007 (note 2)	Additions	Transfers, disposals and adjustments	Balance at December 31, 2008
Land	\$ 1,645,314	\$ —	\$ —	\$ 1,645,314
Buildings and building improvements	15,045,492	433,930	—	15,479,422
Linear assets	27,111,457	650,391	—	27,761,848
Machinery and equipment	2,172,448	69,792	—	2,242,240
Vehicles	1,038,940	97,064	—	1,136,004
Work-in-progress	301,181	703,187	—	1,004,368
Total	\$ 47,314,832	\$ 1,954,364	\$ —	\$ 49,269,196

Accumulated amortization	Balance at December 31, 2007 (note 2)	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2008
Buildings and building improvements	\$ 8,483,919	\$ 259,283	\$ —	\$ 8,743,202
Linear assets	14,832,040	739,564	—	15,571,604
Machinery and equipment	1,391,359	126,058	—	1,517,417
Vehicles	565,983	95,485	—	661,468
Total	\$ 25,273,301	\$ 1,220,390	\$ —	\$ 26,493,691

	Net book value December 31, 2007	Net book value December 31, 2008
Land	\$ 1,645,314	\$ 1,645,314
Buildings and building improvements	6,561,573	6,736,220
Linear assets	12,279,417	12,190,244
Machinery and equipment	781,089	724,823
Vehicles	472,957	474,536
Work-in-progress	301,181	1,004,368
Total	\$ 22,041,531	\$ 22,775,505

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

9. Tangible capital assets (continued):

(a) 2009 balances and activity:

Cost	Balance at December 31, 2008 (note 2)	Additions	Transfers, disposals and adjustments	Balance at December 31, 2009
Land	\$ 1,645,314	\$ -	\$ -	\$ 1,645,314
Buildings and building improvements	15,479,422	74,817	25,225	15,579,464
Linear assets	27,761,848	4,192,885	644,860	32,599,593
Machinery and equipment	2,242,240	532,697	-	2,774,937
Vehicles	1,136,004	220,772	-	1,356,776
Work-in-progress	1,004,368	2,904,231	(760,984)	3,147,615
Total	\$ 49,269,196	\$ 7,925,402	\$ (90,899)	\$ 57,103,699

Accumulated amortization	Balance at December 31, 2008 (note 2)	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2009
Buildings and building improvements	\$ 8,743,202	\$ 265,093	\$ -	\$ 9,008,295
Linear assets	15,571,604	591,676	(39,886)	16,123,394
Machinery and equipment	1,517,417	153,171	-	1,670,588
Vehicles	661,468	105,694	-	767,162
Total	\$ 26,493,691	\$ 1,115,634	\$ (39,886)	\$ 27,569,439

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 1,645,314	\$ 1,645,314
Buildings and building improvements	6,736,220	6,571,169
Linear assets	12,190,244	16,476,199
Machinery and equipment	724,823	1,104,349
Vehicles	474,536	589,614
Work-in-progress	1,004,368	3,147,615
Total	\$ 22,775,505	\$ 29,534,260

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

9. Tangible capital assets (continued):

(a) Work-in-progress:

Assets under construction having a value of \$3,147,615 (2008 - \$1,004,368) have not been amortized. Amortization of these assets will commence when the asset is available to be put into service.

(b) Works of art and historical treasures:

The Municipality manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Municipality sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(c) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$51,014 (2008 - \$Nil).

10. Contractual obligations:

Pursuant to a multi-year contract for operation and supervision of the Solid Waste Disposal Site ending 2011, the Town is committed to annual payments of \$216,941 in 2010 and \$110,336 in 2011.

Pursuant to a multi-year contract for solid waste collection ending 2011, the Town is committed to annual payments of \$155,143 in 2010 and \$65,600 in 2011.

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 at December 31, 2009, management believes that the Town 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 Town's financial position. Any adjustments, arising from these matters, will be recorded in future years.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

12. Accumulated municipal equity:

	2009	2008
Operating surplus (deficit) breakdown:		
General operating fund	\$ (118,733)	\$ 57,793
Unfunded liability – accrued vacation pay	(65,000)	(65,000)
Unfunded liability – landfill site closure and post-closure costs	(1,006,199)	(924,328)
Arnprior Business Improvement Area	61,516	59,216
Arnprior Public Library Board	1	1
Arnprior Municipal Cemetery	144,829	134,681
Arnprior Airport Commission	93,546	118,408
Total operating deficit	(890,040)	(619,229)
Reserves set aside for specific purposes by Council:		
Working capital	2,144,457	965,524
Acquisition of tangible capital assets	500,512	1,348,877
Recreation and cultural facilities	11,188	345,495
Other	242,364	78,439
Total reserves	2,898,521	2,738,335
Reserve funds set aside for specific purposes by Council:		
Landfill site closure and post-closure care	1,006,199	924,328
Capital expenditures – Arnprior Hydro Reserve Fund	6,408,231	6,431,318
Other	445,089	437,409
Total reserve funds	7,859,519	7,793,055
Investment in tangible capital assets:		
Tangible capital assets	29,534,259	22,774,448
Net long-term liabilities	(5,887,268)	(6,223,038)
Capital expenditures to be financed	(6,684,414)	(4,881,785)
Unexpended capital financing	–	1,927,041
Investment in tangible capital assets	16,962,577	13,596,666
Total accumulated municipal equity	\$ 26,830,577	\$ 23,508,827

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on December 21, 2009. Amortization of tangible capital assets was not contemplated on development of the budget and, as such, has not been included. The approved budget to the budget figures reported in these consolidated financial statements is listed below:

	2009 Budget (unaudited)
Reported on statement of operations:	
Operating revenue	\$ 14,323,441
Operating expenses	11,394,107
Annual surplus	2,929,334
Reported on statement of change in net debt:	
Acquisition of tangible capital assets	7,377,677
Total budgeted deficit on statements	\$ (4,448,343)
Budget not reported on statements:	
Capital revenue – debentures	\$ 3,872,440
Capital revenue – reserve and reserve fund transfers	1,247,300
Operating expense – transfer to reserves	(670,200)
Total budgeted surplus not reported on statement	\$ 4,449,540

14. Expenses:

	2009	2008
Expenses by object:		
Salaries, wages and employee benefits	\$ 4,237,737	\$ 3,933,638
Long-term debt interest	277,970	292,898
Materials	1,651,774	1,819,872
Contracted services	6,521,603	4,546,573
Rents and financial	19,341	19,032
Transfers to others	18,607	22,261
Amortization of tangible capital assets	1,115,634	1,220,390
Loss on disposal of tangible capital assets	51,014	-
Total	\$ 13,893,680	\$ 11,854,664

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

15. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 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 for current service in 2009 was \$175,853 (2008 - \$164,344).

16. Comparative figures:

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

17. Segmented information:

The Town is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational, cultural and environmental. For management reporting purposes, the Town's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

- (a) General Government: Includes administration, corporate services and governance of the Town. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.
- (b) Protection to Persons and Property: Includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and animal control services.
- (c) Transportation Services: Includes winter and summer roads maintenance, the repair and the construction of the municipal roads system including bridges and culverts and the management and maintenance of the municipal airport.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

17. Segmented information (continued):

- (d) Environmental Services: Includes the management and maintenance of water treatment and distribution, wastewater treatment, sanitary and storm water sewers, solid waste and recycling collection and landfill site operations.
- (e) Health and Social Services: Includes the management and maintenance of Cemeteries.
- (f) Recreation and Cultural Services: Provides services that contribute to neighbourhood development and sustainability through; the provision of recreation and leisure programs and facilities including community halls, parks, recreation fields and the arena; and through Library and museum facilities and programs.
- (g) Planning and Development: Manages development for business interests, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan. This segment also includes the business improvement area activities.

For each segment separately reported, the segment non-taxation revenue and 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 1.

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Schedule of Segment Information

Year ended December 31, 2009

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health and Social Services	Recreational and Cultural Services	Planning and Development	Total
Non-taxation revenue:								
User charges	\$ 170,668	\$ 8,875	\$ 75,532	\$ 2,827,667	\$ 53,236	\$ 950,377	\$ 29,164	\$ 4,115,519
Government grants:								
Province of Ontario	1,053,680	—	1,322,921	732,104	—	(674)	—	3,108,031
Government of Canada	—	—	295,547	1,891,679	—	29,167	—	2,216,393
Other municipalities	—	—	57,821	—	—	136,286	—	194,107
Investment income	76,579	—	—	—	28,112	3,639	1,393	109,723
Donations	20,328	—	—	—	—	8,650	—	28,978
Other	425,427	—	—	—	—	—	—	425,427
Transfer from deferred revenue - obligatory reserve funds	167,332	—	—	—	—	—	—	167,332
	1,914,014	8,875	1,751,821	5,451,450	81,348	1,127,445	30,557	10,365,510
Expenses:								
Salaries, wages and employee benefits	854,160	393,150	779,424	536,981	36,438	1,538,821	98,763	4,237,737
Long-term debt interest	—	—	—	277,970	—	—	—	277,970
Materials	68,780	43,755	381,863	571,670	8,404	569,853	7,449	1,651,774
Contracted services	465,861	2,304,135	600,726	2,608,922	41,016	455,043	45,900	6,521,603
Rents and financial	6,272	—	—	13,069	—	—	—	19,341
Transfers to others	—	—	—	—	—	18,607	—	18,607
Amortization of tangible capital assets	29,145	128,635	680,112	171,550	—	157,206	—	1,166,648
	1,424,218	2,869,675	2,442,125	4,180,162	85,858	2,739,530	152,112	13,895,680
Net segment revenue (expenses)	489,796	(2,860,800)	(690,304)	1,271,288	(4,510)	(1,612,085)	(121,555)	(3,530,170)
Taxation revenue:								
Property taxation								6,709,891
Taxation from other governments								140,029
Annual surplus								\$ 3,319,750

Note: Taxation revenue is not attributable to any individual segment.

Financial Statements of

**TOWN OF ARNPRIOR – TRUST
FUNDS**

Year ended December 31, 2009



KPMG LLP
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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Town of Arnprior

We have audited the statements of financial position of the Trust Funds of the Corporation of the Town of Arnprior as at December 31, 2009 and the statements of fund continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Arnprior as at December 31, 2009 and the continuity of Trust Funds for the year then ended in accordance with the accounting policies disclosed in note 1 to the financial statements.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

November 11, 2010

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds

Statements of Financial Position

December 31, 2009, with comparative figures for 2008

Name of Funds	Care and maintenance	Neilson trust	O.H.R.P	Total 2009	Total 2008
Assets					
Cash	\$ 28	\$ 32	\$ -	\$ 60	\$ 2,538
Investment in bonds at cost:					
Canada	200	-	-	200	200
Municipal and other corporate	313,476	-	-	313,476	313,479
Guaranteed investment certificates and term deposits	199,122	52,000	-	251,122	251,122
Accrued interest receivable	164,011	-	-	164,011	136,704
	676,837	52,032	-	728,869	704,043
Other:					
Due from Town of Arnprior (note 3)	20,701	-	-	20,701	8,623
Due from revenue fund	-	-	-	-	2,008
	20,701	-	-	20,701	10,631
	\$ 697,538	\$ 52,032	\$ -	\$ 749,570	\$ 714,674

Liabilities and Fund Balance

Due to Arnprior Municipal Cemetery	\$ 164,011	\$ -	\$ -	\$ 164,011	\$ 136,707
Fund balance	533,527	52,032	-	585,559	577,967
	\$ 697,538	\$ 52,032	\$ -	\$ 749,570	\$ 714,674

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

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds

Statements of Fund Continuity

December 31, 2009, with comparative figures for 2008

	Care and maintenance	Neilson trust	O.H.R.P	Total 2009	Total 2008
Fund balance, beginning of year	\$ 521,449	\$ 52,032	\$ 4,486	\$ 577,967	\$ 566,281
Capital receipts:					
Care and maintenance	12,078	–	–	12,078	11,686
Revenue:					
Investment income	26,439	1,673	–	28,112	26,990
	<u>38,517</u>	<u>1,673</u>	<u>–</u>	<u>40,190</u>	<u>38,676</u>
Expenditures:					
Cemetery maintenance	26,439	1,673	–	28,112	26,990
Repayment of O.H.R.P.Fund	–	–	4,486	4,486	–
	<u>26,439</u>	<u>1,673</u>	<u>4,486</u>	<u>32,598</u>	<u>26,990</u>
Fund balance, end of year	\$ 533,527	\$ 52,032	\$ –	\$ 585,559	\$ 577,967

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

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds
Notes to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

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

These financial statements reflect the assets, liabilities and revenues and expenditures of the Trust Funds using the accrual basis of accounting with the exception of capital receipts which are recorded on the cash basis of accounting. The Town of Arnprior is responsible for the administration of the Trust Funds' assets.

2. Investments:

The investments totalling \$728,812 (2008 - \$701,508) reported on the Statements of Financial Position at cost, have a market value of \$733,033 (2008 - \$702,221) at the end of the year.

3. Due from Town of Arnprior:

The amount due from the Town of Arnprior bears interest at the prime rate less 1.9% and is payable on demand. During the year, interest of \$72 (2008 - \$1,642) was received from the Town of Arnprior, which is included in investment income.

Financial Statements

**DOWNTOWN ARNPRIOR
BUSINESS IMPROVEMENT AREA
ASSOCIATION**

Year ended December 31, 2009



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AUDITORS' REPORT

To the Members of the Downtown Arnprior Business Improvement Area Association and the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Arnprior

We have audited the statement of financial position of the Downtown Arnprior Business Improvement Area Association as at December 31, 2009 and the statement of operations and accumulated surplus for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Downtown Arnprior Business Improvement Area Association as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

January 7, 2011

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated, note 2)
Assets		
Financial assets:		
Cash	\$ 83,492	\$ 68,122
Accounts receivable	3,360	-
Due from the Corporation of the Town of Arnprior (note 3)	-	12,665
	86,852	80,787
Liabilities:		
Accounts payable	3,765	-
Net financial assets and accumulated surplus (note 4)	\$ 83,087	\$ 80,787

See accompanying notes to the financial statements.

On behalf of the Downtown Arnprior Business Improvement Area Association:

_____ Member

_____ Member

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	Budget 2009	Actual 2009	Actual 2008
	(Unaudited, note 5)		(Restated, note 2)
Revenue:			
Municipal tax levy	\$ 25,500	\$ 25,540	\$ 39,095
Advertising and other	-	5,539	200
Interest	-	1,393	284
	25,500	32,472	39,579
Expenses:			
Services	23,375	21,674	4,441
Materials and supplies	16,525	8,444	5,991
Financial	100	54	92
	40,000	30,172	10,524
Annual surplus (deficit)	(14,500)	2,300	29,055
Accumulated surplus, beginning of year	80,787	80,787	51,732
Accumulated surplus, end of year	\$ 66,287	\$ 83,087	\$ 80,787

See accompanying notes to the financial statements.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of the Downtown Arnprior Business Improvement Area Association (the "Association") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Reporting entity:

These statements reflect the assets, liabilities, revenue and expenses of the Association.

(b) Revenue and expense recognition:

Revenue and expenses are recognized on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and recognizes expenses as they are incurred.

(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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. Change in accounting policies:

In the year, the Association has implemented Public Sector Accounting Board Sections 1200 *Financial Statement Presentation* and 3150 *Tangible Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

This change has been applied retrospectively and prior periods have been restated. The impact of Section 1200 on the financial statements consisted of the removal of the "municipal position" section of the statement of financial position, and the additional note disclosure on accumulated surplus and reserves provided in note 4.

The implementation of Section 3150 had no impact on the financial statements as the Association does not have any tangible capital assets.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2009

3. Due from the Corporation of the Town of Arnprior:

At year end, the Association had an amount due from the Corporation of the Town of Arnprior of \$Nil (2008 - \$12,665) representing the net balance of cash receipts and payments processed by the Town on behalf of the Association.

4. Accumulated surplus:

The accumulated surplus balance consists of operating surpluses and reserves as follows:

	2009	2008
Operating	\$ 61,516	\$ 59,216
Reserves:		
Working capital	6,306	6,306
Street improvements	15,265	15,265
	21,571	21,571
Accumulated surplus	\$ 83,087	\$ 80,787

5. Budget figures:

Budget figures are computed from the 2009 fiscal year operating, budget approved by the Association. Budget figures have not been audited and are presented for information purposes.

6. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.

7. Comparative figures:

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

Financial Statements

**ARNPRIOR MUNICIPAL
CEMETERY**

Year ended December 31, 2009



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AUDITORS' REPORT

To the Members of the Arnprior Municipal Cemetery and the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Arnprior

We have audited the statement of financial position of the Arnprior Municipal Cemetery as at December 31, 2009 and the statement of operations and accumulated surplus for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipal Cemetery as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

January 7, 2011

ARNPRIOR MUNICIPAL CEMETERY

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated note 2)
Assets		
Financial assets:		
Due from the Corporation of the Town of Arnprior (note 3)	\$ -	\$ 12,084
Due from the Care and Maintenance Trust Fund	164,011	136,707
	<u>164,011</u>	<u>148,791</u>
Liabilities:		
Accounts payable	900	900
Due to the Corporation of the Town of Arnprior (note 3)	5,072	-
Deferred revenue	13,210	13,210
	<u>19,182</u>	<u>14,110</u>
Net financial assets and accumulated surplus	\$ 144,829	\$ 134,681

See accompanying notes to the financial statements.

On behalf of the Arnprior Municipal Cemetery:

_____ Member

_____ Member

ARNPRIOR MUNICIPAL CEMETERY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	Budget 2009	Actual 2009	Actual 2008
	(Unaudited, note 4)		(Restated, note 2)
Revenue:			
Care and maintenance	\$ 22,200	\$ 28,112	\$ 25,884
Burial charges	32,500	40,744	34,709
Plots	17,400	12,492	10,919
	<u>72,100</u>	<u>81,348</u>	<u>71,512</u>
Expenses:			
Salaries	38,700	36,438	34,282
Services	22,700	25,807	19,187
Materials, supplies and utilities	10,700	8,955	8,805
	<u>72,100</u>	<u>71,200</u>	<u>62,274</u>
Annual surplus	–	10,148	9,238
Accumulated surplus, beginning of year	134,681	134,681	125,443
Accumulated surplus, end of year	<u>\$ 134,681</u>	<u>\$ 144,829</u>	<u>\$ 134,681</u>

See accompanying notes to the financial statements.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of the Arnprior Municipal Cemetery (the "Cemetery") are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Cemetery are as follows:

(a) Reporting entity:

These financial statements reflect the assets, liabilities, revenue and expenses of the Cemetery. The Care and Maintenance Trust Fund and its related operations and not consolidated but are reported separately on the financial statements of the "Town of Arnprior Trust Funds". The Corporation of the Town of Arnprior (the "Town") is responsible for the payment of capital expenditures and debt charges relating to tangible capital assets of the Cemetery and therefore, the related long-term debt and tangible capital assets are reported in the Town's financial statements.

(b) Revenue and expense recognition:

Revenue and expenses are recognized on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and recognizes expenses as they are incurred.

(d) Deferred revenue:

Amounts received by the Cemetery for burial charges in advance of the services actually being provided are deferred and are recognized as revenue in the year that the services are rendered.

(e) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policies:

In the year, the Cemetery has implemented Public Sector Accounting Board Sections 1200 *Financial Statement Presentation* and 3150 *Tangible Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

This change has been applied retrospectively and prior periods have been restated. The impact of Section 1200 on the financial statements consisted of the removal of the "municipal position" section of the statement of financial position, and the additional note disclosure on accumulated surplus and reserves.

The implementation of Section 3150 had no impact on the financial statements as the Cemetery does not have any tangible capital assets.

3. Related party balances:

At year end, the Cemetery had an amount due to (2008 from) the Corporation of the Town of Arnprior of \$5,072 (2008 - \$12,089) representing the net balance of cash receipts and payments processed by the Town on behalf of the Association.

4. Budget figures:

Budget figures are compiled from the 2009 fiscal year operating budget approved by the Cemetery Board. Budget figures have not been audited and are presented for information purposes.

5. Trust funds:

Trust funds relating to the Cemetery administered by the Town amounting to \$585,559 (2008 - \$577,967) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

6. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements (continued)

Year ended December 31, 2009

7. Comparative figures:

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

Financial Statements of

**ARNPRIOR PUBLIC LIBRARY
BOARD**

Year ended December 31, 2009



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AUDITORS' REPORT

We have audited the statement of financial position of the Arnprior Public Library Board as at December 31, 2009 and the statement of operations and accumulated surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

February 23, 2010

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated, note 2)
Assets		
Financial assets:		
Cash	\$ 64,520	\$ 61,785
Accounts receivable	281	168
Investments	176,264	173,763
	<u>241,065</u>	<u>235,716</u>
Financial liabilities:		
Accounts payable	8,805	13,432
Due to the Town of Arnprior	26,835	16,789
	<u>35,640</u>	<u>30,221</u>
Net financial assets	205,425	205,495
Non-financial assets:		
Tangible capital assets	19,020	13,189
Total accumulated surplus (note 5)	<u>\$ 224,445</u>	<u>\$ 218,684</u>

See accompanying notes to the financial statements.

On behalf of the Arnprior Public Library Board:

_____ Member

_____ Member

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	Budget (Unaudited, note 3)	2009	2008 (Restated, note 2)
Revenue:			
Grants - Town of Arnprior	\$ 214,524	\$ 214,524	\$ 200,221
- Township of McNab/Braeside	34,309	34,008	33,604
- Province of Ontario	15,493	16,776	15,490
- Township of Lanark Highlands	700	900	700
Fees, fines and book sales	25,610	31,718	26,651
Investment income	6,286	3,639	7,525
Donations	5,000	8,650	6,174
Total revenue	301,922	310,215	290,365
Expenses:			
Salaries and benefits	232,587	232,673	232,903
Books and records	43,550	46,804	41,575
Office supplies	6,700	5,129	6,357
Miscellaneous	5,125	3,839	2,770
Copier lease	2,300	2,107	2,198
Professional fees	900	955	930
Insurance	784	799	788
Telephone	2,500	2,833	3,063
Automation	12,000	4,076	8,239
Equipment maintenance	500	-	328
Amortization of tangible capital assets	-	5,239	4,134
Total expenses	306,946	304,454	303,285
Annual surplus (deficit)	(5,024)	5,761	(12,920)
Accumulated surplus, beginning of year	218,684	218,684	231,604
Accumulated surplus, end of year	\$ 213,660	\$ 224,445	\$ 218,684

See accompanying notes to the financial statements.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of the Arnprior Public Library Board (the "Board") are prepared by management in accordance with Canadian generally accepted accounting principles 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 adopted by the Board are as follows:

(a) Reporting entity:

These statements reflect the assets, liabilities, revenues and expenditures of the Board and include both operating and capital activities.

(b) Basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues from grants, fees, fines and book sales are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Donations are reported on a cash basis. Donation pledges are not reported in accounts until received.

(c) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(d) Investments:

Investments consist of Canada savings bonds and guaranteed investment certificates and are recorded at amortized cost, which approximates market value. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

Asset	Useful Life
Furniture and equipment	5 – 20 year

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(f) Use of estimates:

The preparation of financial statements 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 expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

The Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

2. Adoption of new accounting standards:

The Board has implemented Public Sector Accounting Board ("PSAB") Sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Library applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset.

This change has been applied retrospectively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at January 1, 2008:	
Current fund balance	\$ 593
Reserves	222,443
<hr/>	
Accumulated surplus, as previously reported	223,036
Net book value of tangible capital assets recorded	8,568
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Accumulated surplus, as restated	\$ 231,604
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Annual surplus for 2008:	
Net revenues, as previously reported	\$ (17,541)
Assets capitalized but previously expensed	8,755
Amortization expense not previously recorded	(4,134)
<hr/>	
Annual surplus, as restated	\$ (12,920)

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

3. Budget figures:

The Arnprior Public Library reviews its operating budget annually. The approved operating budget for 2009 is reflected on the Statement of Operations and Accumulated Surplus. Budget figures have not been audited and are presented for information purposes.

4. Tangible capital assets:

Cost	Balance at December 31, 2008 (note 2)	Additions	Disposals	Balance at December 31, 2009
Furniture and equipment	\$ 31,424	\$ 11,070	\$ -	\$ 42,494
Total	\$ 31,424	\$ 11,070	\$ -	\$ 42,494

Accumulated amortization	Balance at December 31, 2008 (note 2)	Disposals	Amortization	Balance at December 31, 2009
Furniture and equipment	\$ 18,235	\$ -	\$ 5,239	\$ 23,474
Total	\$ 18,235	\$ -	\$ 5,239	\$ 23,474

	Net book value December 31, 2008	Net book value December 31, 2009
Furniture and equipment	\$ 13,189	\$ 19,020
Total	\$ 13,189	\$ 19,020

Cost	Balance at December 31, 2007 (note 2)	Additions	Disposals	Balance at December 31, 2008
Furniture and equipment	\$ 22,669	\$ 8,755	\$ -	\$ 31,424
Total	\$ 22,669	\$ 8,755	\$ -	\$ 31,424

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

4. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2007 (note 2)	Disposals	Amortization	Balance at December 31, 2008
Furniture and equipment	\$ 14,101	\$ -	\$ 4,134	\$ 18,235
Total	\$ 14,101	\$ -	\$ 4,134	\$ 18,235

	Net book value December 31, 2007	Net book value December 31, 2008
Furniture and equipment	\$ 8,568	\$ 13,189
Total	\$ 8,568	\$ 13,189

5. Accumulated surplus:

	2009	2008
Accumulated surplus consists of:		
Invested in tangible capital assets	\$ 19,020	\$ 13,189
Current fund	-	-
Total surplus	19,020	13,189
Reserves:		
Norma Hall bequest	20,949	20,949
D. Macklem	5,000	5,000
Neumann bequest	7,920	7,920
Gaumond bequest	139,764	137,263
Programs	3,212	2,363
Future development	15,050	18,470
Books	13,530	13,530
Total reserves	205,425	205,495
Total accumulated surplus	\$ 224,445	\$ 218,684

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

5. Accumulated surplus (continued):

The Norma Hall bequest is to fund general library operations.

The D. Macklem bequest is to fund the talking book collection.

The Neumann bequest is to fund general library operations, excluding capital projects and acquisitions.

The Guamond bequest is to fund general library operations.

Programs reserve is to fund childrens' programs.

Future development reserve is to fund future development of the library.

Books reserve is to fund book acquisitions in future years.

6. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.