

Consolidated Financial Statements

**CORPORATION OF THE TOWN OF  
ARNPRIOR**

Year ended December 31, 2007

# **CORPORATION OF THE TOWN OF ARNPRIOR**

Year ended December 31, 2007

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Consolidated Financial Statements

# **CORPORATION OF THE TOWN OF ARNPRIOR**

Year ended December 31, 2007

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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, 2007 and the consolidated statements of financial activities and changes in financial position 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 Town as at December 31, 2007 and the results of its operations and the changes in its financial position 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  
September 30, 2008

# CORPORATION OF THE TOWN OF ARNPRIOR

## Consolidated Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Financial assets:		
Cash and cash equivalents	\$ 4,834,094	\$ 2,755,217
Taxes receivable	1,366,536	1,163,535
Water and sewer billings receivable	732,275	716,850
Accounts receivable	1,140,023	880,730
Other current assets	15,518	5,018
Investments (note 12)	1,564,104	1,571,508
	<u>9,652,550</u>	<u>7,092,858</u>
Liabilities:		
Accounts payable and accrued liabilities	1,447,196	1,516,931
Deferred revenue – obligatory reserve funds (note 8)	1,604,271	290,537
Employee benefit obligations (note 5)	65,000	65,000
Landfill site closure and post-closure liabilities (note 13)	841,199	759,189
Net long-term liabilities (note 6)	6,559,336	6,864,740
	<u>10,517,002</u>	<u>9,496,397</u>
Net liabilities	(864,452)	(2,403,539)
Other assets:		
Inventory	34,033	107,377
Total net liabilities	<u>\$ (830,419)</u>	<u>\$(2,296,162)</u>
Municipal position:		
Current fund (note 7)	\$ 307,425	\$ 211,000
Capital fund (note 7)	(3,444,100)	(4,009,610)
Reserves	2,194,091	1,766,454
Reserve funds	7,577,700	7,424,923
Fund balances	<u>6,635,116</u>	<u>5,392,767</u>
Amounts to be recovered from future revenues:		
Net long-term liabilities	(6,559,336)	(6,864,740)
Employee benefit obligations (note 5)	(65,000)	(65,000)
Amounts to be recovered from reserve funds:		
Landfill site closure and post-closure liabilities (note 13)	(841,199)	(759,189)
	<u>(7,465,535)</u>	<u>(7,688,929)</u>
Contingent liabilities (note 9)		
Total municipal position	<u>\$ (830,419)</u>	<u>\$(2,296,162)</u>

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

# CORPORATION OF THE TOWN OF ARNPRIOR

## Consolidated Statement of Financial Activities

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Revenues:</b>		
Property taxation	\$ 6,042,690	\$ 5,733,032
Taxation from other governments	98,390	94,165
User charges	4,021,593	3,942,017
Province of Ontario	1,325,085	1,427,597
Federal government	10,537	38,282
Grants from other municipalities	168,285	166,369
Investment income	430,642	413,039
Donations	124,892	61,946
Proceeds from sale of land and equipment	124,352	88,117
Other	252,894	246,999
Transfers from deferred obligatory reserve funds (note 8)	62,790	238,342
<b>Total revenues</b>	<b>12,662,150</b>	<b>12,449,905</b>
<b>Expenditures:</b>		
<b>Current:</b>		
General government	1,175,130	1,125,997
Protection to persons and property	2,199,491	2,206,427
Transportation services	1,513,113	1,429,286
Environmental services	2,253,383	2,146,915
Health services	50,895	54,326
Recreational and cultural services	2,189,408	2,165,083
Planning and development	114,274	88,610
<b>Total current expenditures (note 10)</b>	<b>9,495,694</b>	<b>9,216,644</b>
<b>Capital:</b>		
General government	273,046	191,938
Protection to persons and property	14,594	160,717
Transportation services	638,197	880,979
Environmental services	567,735	2,314,215
Health services	—	8,703
Recreational and cultural services	133,413	282,938
Planning and development	385	93,715
<b>Total capital expenditures</b>	<b>1,627,370</b>	<b>3,933,205</b>
<b>Total expenditures</b>	<b>11,123,064</b>	<b>13,149,849</b>
<b>Net revenues (expenditures)</b>	<b>1,539,086</b>	<b>(699,944)</b>
<b>Financing and transfers:</b>		
Debt incurred (note 6)	—	3,897,880
Debt principal repayments (note 6(c))	(305,403)	(373,823)
Change in landfill site closure and post-closure liabilities	82,010	44,999
Change in non-financial assets	(73,344)	2,452
	(296,737)	3,571,508
<b>Increase in fund balances</b>	<b>\$ 1,242,349</b>	<b>\$ 2,871,564</b>

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

# CORPORATION OF THE TOWN OF ARNPRIOR

## Consolidated Statement of Changes in Financial Position

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Operations:</b>		
Net revenues (expenditures)	\$ 1,539,086	\$ (699,944)
<b>Uses:</b>		
Increase in taxes receivable	(203,001)	(102,147)
Increase in water and sewer billings receivable	(15,425)	(132,177)
Increase in accounts receivable	(259,293)	-
Increase in other current assets	(10,500)	-
Decrease in temporary loans	-	(3,897,880)
Decrease in accounts payable and accrued liabilities	(69,735)	(715,815)
	<u>(557,954)</u>	<u>(4,848,019)</u>
<b>Sources:</b>		
Decrease in accounts receivable	-	2,183,128
Decrease in other current assets	-	36,000
Increase in deferred revenue – obligatory reserve funds	1,313,734	154,937
Increase in landfill site closure and post-closure liabilities	82,010	44,999
	<u>1,395,744</u>	<u>2,419,064</u>
<b>Net change in cash from operations</b>	<u>2,376,876</u>	<u>(3,128,899)</u>
<b>Investing:</b>		
Decrease in investments	7,404	27,149
<b>Net change in cash from investing</b>	<u>7,404</u>	<u>27,149</u>
<b>Financing:</b>		
Debt incurred	-	3,897,880
Debt principal repayments	(305,403)	(373,823)
<b>Net change in cash from financing</b>	<u>(305,403)</u>	<u>3,524,057</u>
<b>Increase in cash and cash equivalents</b>	<u>2,078,877</u>	<u>422,307</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>2,755,217</u>	<u>2,332,910</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,834,094</u>	<u>\$ 2,755,217</u>

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

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, 2007

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### 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) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the current, capital, reserves and reserve funds 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 reflected in the municipal fund balances of these financial statements.

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

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

#### (i) Capital assets:

The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

#### (ii) Landfill site closure and post-closure liabilities:

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 45 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.

### (c) Investments:

Investments are recorded at cost plus or minus amortization of bond discounts or premiums. Interest on the investments is accrued as earned. Gains or losses on the sale of investments are recognized in the year of sale. Amortization of bond discounts or premiums are accrued over the term of the investment.

### (d) Deferred revenue – obligatory reserve funds:

The Town receives restricted contributions under the authority of provincial legislation 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. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

### (e) Amounts to be recovered from future revenues:

Amounts to be recovered from future revenues are comprised of outstanding net long-term liabilities, employee benefit obligations and landfill site closure and post-closure liabilities.

### (f) Inventory:

Inventory consists of material and supplies available for future use and airplane fuel held for sale. Inventory is recorded at lower of cost and net recoverable value.

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

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## 1. Significant accounting policies (continued):

### (g) Long-term borrowings:

Long-term borrowings from reserve funds, which are used for capital fund expenditures, are eliminated upon consolidation on the Statement of Financial Position and the corresponding capital costs are reported as "capital expenditures to be financed" from proceeds of taxation and user charges within the capital fund balance.

Amounts raised to finance these capital costs are reported as transfers to the capital fund in the year they are received and applied against the "capital expenditures to be financed" balance.

### (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 revenues and expenditures 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.

### (i) Changes in accounting policies:

Commencing with the fiscal year beginning January 1, 2009, the Town will be adopting CICA Public Sector Accounting Handbook Section PS 3150, "*Tangible Capital Assets*". This Section establishes standards on how to account for and report tangible assets in government financial statements. Tangible capital assets include such diverse items as roads, bridges, buildings, vehicles, equipment, land, water systems and other utility systems.

Effective January 1, 2007, the Town adopted Public Sector Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets by way of a note to the financial statements until Section 3150, "*Tangible Capital Assets*" comes into effect on January 1, 2009.

As of December 31, 2007, the Town does not have adequate information to disclose any of the tangible assets by major category.

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

## 2. Operations of school boards and the County of Renfrew:

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	2007	2006
Taxation and user charges	\$ 2,956,492	\$ 2,821,294
Amount transferred to school boards	\$ 2,956,492	\$ 2,821,294

  

County of Renfrew	2007	2006
Taxation and user charges	\$ 2,953,184	\$ 2,753,207
Payments in lieu	23,735	36,131
Amount transferred to County of Renfrew	\$ 2,976,919	\$ 2,789,338

## 3. Trust funds:

Trust funds administered by the Town amounting to \$566,281 (2006 - \$548,939) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Current Fund Balance.

## 4. 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 2007 was \$152,902 (2006 - \$136,674).

## 5. Employee benefit obligations:

The Town provides certain employee benefits which will require funding in future periods. An estimate of future liabilities has been reported on the Consolidated Statement of Financial Position as follows:

	2007	2006
Vacation pay	\$ 65,000	\$ 65,000
Amounts to be recovered from future revenues	\$ 65,000	\$ 65,000

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

## 6. Net long-term liabilities:

- (a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following amounts broken down by years of repayment:

Source	2008 to 2012	2013 to 2026	Total
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	\$ 2,614,141	\$ 3,945,195	\$ 6,559,336

- (b) The long-term liabilities in (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 & Housing.

- (c) Charges for net long-term liabilities:

Total charges for the year for net long-term liabilities which are reported on the "Consolidated Statement of Financial Activities" are as follows:

	2007	2006
Principal payments	\$ 305,403	\$ 373,823
Interest	323,730	239,649
	\$ 629,133	\$ 613,472

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

## 7. Municipal fund balances at the end of the year:

- (a) The current fund balance on the Consolidated Statement of Financial Position of \$307,425 (2006 - \$211,000) at the end of the year is comprised of the following:

	2007	2006
To be applied to operations of the current fund for the following year	\$ 108,200	\$ 32,778
To be recovered from the waterworks operations	8,250	4,405
To be applied to (recovered from) the wastewater operations	(7,426)	5,804
To be applied to operations of the municipal cemetery	125,443	99,267
To be applied to (recovered from) operations of the Downtown Arnprior Business Improvement Area Association	30,160	18,714
To be applied to operations of the Arnprior Public Library Board	594	491
To be applied to operations of the Arnprior Airport Commission	42,204	49,541
	<b>\$ 307,425</b>	<b>\$ 211,000</b>

- (b) The capital fund deficiency on the Consolidated Statement of Financial Position of \$3,444,100 (2006 - \$4,009,610) at the end of the year is comprised of the following:

	2007	2006
Unexpended capital financing	\$ 1,044,660	\$ 733,225
Capital expenditures to be financed from the proceeds of long-term liabilities	(624,899)	(410,324)
Capital expenditures to be financed from proceeds of development charges:		
Staye Court Drive Development Charge Project	(1,196,055)	(1,240,137)
Capital expenditures to be financed from Reserves	(79,043)	-
Capital expenditures to be financed from Grants	(53,873)	-
Capital expenditures to be financed from proceeds of taxation or user charges:		
Jed Creek Estates Subdivision	(285,699)	(296,229)
Fire Vehicle	(143,306)	(163,371)
John Street North Reconstruction	(1,231,239)	(1,276,618)
Staye Court Drive Oversizing	(105,500)	(205,500)
Dry-O-Tron Replacement	(85,545)	(88,698)
Water Pollution Control Centre Design Refinancing	(68,192)	(76,169)
Elevated Water Tank Refinancing	(398,511)	(445,124)
Pumping Stations and Forcemain	(130,389)	(135,194)
Other	(86,509)	(405,471)
	<b>\$(3,444,100)</b>	<b>\$(4,009,610)</b>

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

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## 7. Municipal fund balances at the end of the year (continued):

Unexpended capital financing represents capital revenues received that are related to capital projects in progress at year-end. These funds are reported as part of the capital fund balance and will be used to finance capital project costs in the subsequent year.

On May 27, 2002, the Town's Council approved by By-Law that \$348,500 be borrowed from the Arnprior Hydro Reserve Fund to finance the Town's capital costs for the Jed Creek Estates Subdivision Agreement. Under the By-Law, interest is paid at 5% per annum for the first two years followed by annual blended principal and interest repayments for the subsequent three years at 5% per annum, amortized over 20 years, but due in full in five years (October 2007). In October 2007, the Town's Council approved by By-law the extension of this loan for another 5 year term due in full in October, 2012. Principal was repaid in the amount of \$10,530 in 2007.

On October 28, 2002, the Town's Council approved by By-Law that \$243,000 be borrowed from the Arnprior Hydro Reserve Fund to finance the purchase of new Quint Fire Truck. Under the By-Law, the loan is to be repaid by annual blended principal and interest payments at 5% per annum, amortized over 10 years, but due in full in five years (October 2008). Principal was repaid in the amount of \$20,065 in 2007.

On April 19, 2004, the Town's Council approved by By-Law that \$1,360,996 be borrowed from the Arnprior Hydro Reserve Fund to finance the John Street North Reconstruction. Under the By-Law, the loan is to be repaid by annual blended principal and interest payments at 5% per annum, amortized over 20 years, but due in full in five years (September 2009). Principal was repaid in the amount of \$45,379 in 2007.

On April 19, 2004, the Town's Council approved by By-Law that \$205,500 be borrowed from the Arnprior Hydro Reserve Fund to finance the Staye Court Drive Oversizing Project. Under the By-Law, interest only shall be paid annually at 5% per annum and principal will be repaid as future charges imposed to fund the project are collected. Principal was repaid in the amount of \$100,000 in 2007.

On April 19, 2004, the Town's Council approved by By-Law that \$1,322,104 be borrowed from the Arnprior Hydro Reserve Fund to finance the Staye Court Drive Development Charges Project. Under the By-Law, the loan is to be repaid by annual blended principal and interest payments at 5% per annum, amortized over 20 years, but due in full in five years (September 2009). Principal was repaid in the amount of \$44,082 in 2007.

On January 15, 2005, the Town's Council approved by By-Law that \$94,560 be borrowed from the Arnprior Hydro Reserve Fund to finance the 2004 Council approved and completed Dry-O-Tron Reconstruction Project effective September, 2004. Under the By-Law, the loan is to be repaid by annual blended principal and interest payments at 5% per annum, amortized over 20 years, but due in full in five years (September 2009). Principal was repaid in the amount of \$3,153 in 2007.

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

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## **7. Municipal fund balances at the end of the year (continued):**

On January 15, 2005, the Town's Council approved by By-Law that \$91,000 be borrowed from the Arnprior Hydro Reserve Fund to re-finance the Water Pollution Control Centre Design Project originally authorized by By-law 4322-94, effective December, 2004. Under the By-Law, the loan is to be repaid by annual blended principal and interest payments at 5% per annum, amortized over 10 years, but due in full in five years (December 2009). Principal was repaid in the amount of \$7,977 in 2007.

On January 15, 2005, the Town's Council approved by By-Law that \$531,800 be borrowed from the Arnprior Hydro Reserve Fund to re-finance the Elevated Water Tank Construction Project originally authorized by By-law 4322-94, effective December, 2004. Under the By-Law, the loan is to be repaid by annual blended principal and interest payments at 5% per annum, amortized over 10 years, but due in full in five years (December 2009). Principal was repaid in the amount of \$46,613 in 2007.

On May 2, 2005, the Town's Council approved by By-Law that \$144,130 be borrowed from the Arnprior Hydro Reserve Fund to finance the 2004 Council approved and completed Pumping Stations and Force Main Project effective December, 2004. Under the By-Law, the loan is to be repaid by annual blended principal and interest payments at 5% per annum, amortized over 20 years, but due in full in five years (December 2009). Principal was repaid in the amount of \$4,805 in 2007.

Approval by by-law has been obtained for those pending issues of long-term liabilities and commitments to be financed by revenues beyond the term of Council. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs of Ontario.

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

## 8. 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:

	2007	2006
Balance, beginning of year	\$ 290,537	\$ 135,600
Investment income	39,170	9,213
Subdivider contributions	324,577	278,887
Federal gas tax grant	128,542	105,179
Provincial RII grant	884,985	–
Transfers to capital fund	(26,790)	(235,185)
Transfers to revenue fund	(36,000)	(3,157)
Audit Fees	(750)	–
Balance, end of year	\$ 1,604,271	\$ 290,537
Analyzed as follows:		
Development charges	\$ 417,239	\$ 147,079
Federal gas tax	243,721	108,720
Cash in lieu of parkland	36,137	34,738
Provincial RII grant	907,174	–
	\$ 1,604,271	\$ 290,537

## 9. Contingent liabilities:

General:

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, 2007, 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, 2007

## 10. Supplementary information:

	2007	2006
Current fund expenditures by object:		
Salaries, wages and employee benefits	\$ 3,647,821	\$ 3,407,944
Long-term debt interest	520,083	444,726
Materials, services, rents and financial	5,300,161	5,347,257
Transfers to others	27,629	16,717
<b>Total</b>	<b>\$ 9,495,694</b>	<b>\$ 9,216,644</b>

## 11. Budget figures:

The Town of Arnprior reviews its operating and capital budgets annually. The approved operating and capital budgets for 2006 are reflected on the Schedules of Current and Capital Fund Operations. Budget figures have not been audited and are presented for information purposes.

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

## 12. Investments:

Investments held by the Town relate to reserve funds.

	2007		2006	
	Cost	Market value	Cost	Market value
Bonds	\$ 1,563,000	\$ 1,590,772	\$ 1,563,022	\$ 1,594,632
Unamortized premium paid on bonds	1,104	-	8,486	-
	<b>\$ 1,564,104</b>	<b>\$ 1,590,772</b>	<b>\$ 1,571,508</b>	<b>\$ 1,594,632</b>

# CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

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## **13. Landfill site closure and post-closure liabilities:**

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 45 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.

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 289,960 cubic meters of its total estimated capacity and its estimated remaining life is 20.6 years, after which the period for post-closure care is estimated to be 25 years.

Included on the Consolidated Statement of Financial Position at December 31, 2007 is an amount of \$841,199 (2006 - \$759,189) with respect to landfill closure and post-closure liabilities recognized to date.

The Town has reserve funds totaling \$841,199 (2006 - \$759,189) for the landfill site closure and post-closure care of the landfill site.

## **14. Subsequent event:**

On February 29, 2008, the Town became party to a new debt agreement. As a component of the agreement, the Town has an arrangement with its banker providing an operating credit facility in the amount of \$1,000,000.

## **15. Comparative figures:**

Certain 2006 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2007.

# CORPORATION OF THE TOWN OF ARNPRIOR

## Consolidated Schedule of Current Fund Financial Activities

Year ended December 31, 2007, with comparative figures for 2006

	Budget 2007	Actual 2007	Actual 2006
	(unaudited, note 11)		
Revenues:			
Property taxation	\$ 5,980,035	\$ 6,042,690	\$ 5,733,032
Taxation from other governments	121,975	98,390	94,165
User charges	4,119,403	4,021,593	3,942,017
Province of Ontario	1,010,889	1,044,715	996,779
Grants from other municipalities	170,250	168,285	166,369
Investment income	40,400	60,985	49,385
Donations	5,950	9,944	30,355
Proceeds from sale of land and equipment	–	124,352	35,352
Transfer from deferred obligatory reserve (note 8)	36,000	36,000	3,157
Other	167,400	252,894	246,999
Total revenues	11,652,302	11,859,848	11,297,610
Expenditures:			
General government	1,023,352	1,175,130	1,125,997
Protection to persons and property	2,313,249	2,199,491	2,206,427
Transportation services	1,468,362	1,513,113	1,429,286
Environmental services	2,885,840	2,253,383	2,146,915
Health services	60,600	50,895	54,326
Recreation and cultural services	2,134,958	2,189,408	2,165,083
Planning and development	130,505	114,274	88,610
Total expenditures (note 10)	10,016,866	9,495,694	9,216,644
Net revenues	1,635,436	2,364,154	2,080,966
Financing and transfers:			
Debt principal repayments	(305,403)	(305,403)	(373,823)
Change in non-financial assets	–	(73,344)	2,452
Net transfers to capital fund	(948,918)	(1,188,227)	(714,482)
Net transfers to reserves and reserve funds	(592,115)	(700,755)	(808,027)
Net financing and transfers	(1,846,436)	(2,267,729)	(1,893,880)
Change in current fund balance (deficiency)	(211,000)	96,425	187,086
Opening current fund balance	211,000	211,000	23,914
Closing current fund balance	\$ –	\$ 307,425	\$ 211,000

# CORPORATION OF THE TOWN OF ARNPRIOR

## Consolidated Schedule of Capital Fund Financial Activities

Year ended December 31, 2007, with comparative figures for 2006

	Budget 2007	Actual 2007	Actual 2006
	(unaudited, note 11)		
Revenues:			
Government grants and transfer payments	\$ 894,000	\$ 290,907	\$ 469,100
Investment income	–	–	17,638
Transfer from deferred revenue - obligatory reserve fund (note 8)	26,790	26,790	235,185
Proceeds from sale of land	–	–	52,765
Donations	–	111,657	8,896
<b>Total revenues</b>	<b>920,790</b>	<b>429,354</b>	<b>783,584</b>
Expenditures:			
General government	45,000	273,046	191,938
Protection to persons and property	21,500	14,594	160,717
Transportation services	648,750	638,197	880,979
Environmental services	2,316,000	567,735	2,314,215
Health services	–	–	8,703
Recreational and cultural services	178,500	133,413	282,938
Planning and development	–	385	93,715
<b>Total expenditures</b>	<b>3,209,750</b>	<b>1,627,370</b>	<b>3,933,205</b>
<b>Net expenditures</b>	<b>(2,288,960)</b>	<b>(1,198,016)</b>	<b>(3,149,621)</b>
Financing and transfers:			
Long-term debt	1,221,780	–	3,897,880
Change in landfill site closure and post-closure liabilities	–	82,010	44,999
Net transfers from reserves and reserve funds	435,750	493,289	1,084,218
Net transfers from current fund	996,605	1,188,227	714,482
<b>Net financing and transfers</b>	<b>2,654,135</b>	<b>1,763,526</b>	<b>5,741,579</b>
<b>Change in capital fund balance</b>	<b>365,175</b>	<b>565,510</b>	<b>2,591,958</b>
<b>Opening capital fund balance deficiency</b>	<b>(4,009,610)</b>	<b>(4,009,610)</b>	<b>(6,601,568)</b>
<b>Closing capital fund deficiency</b>	<b>\$(3,644,435)</b>	<b>\$(3,444,100)</b>	<b>\$(4,009,610)</b>

As disclosed in note 7, the Capital Fund had repayments, net of internal borrowings, to the Arnprior Hydro Reserve Fund of \$(282,605) (2006 - \$(173,909)) in 2007. Total internal financing at December 31, 2007 is \$3,644,435 (2006 - \$3,927,040).

# CORPORATION OF THE TOWN OF ARNPRIOR

## Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Investment income	\$ 369,657	\$ 346,016
Donations	3,291	22,695
Net transfers from (to) other funds:		
Net transfers from (to) current fund	700,755	808,027
Net transfers to capital fund	(493,289)	(1,084,218)
Total net transfers	207,466	(276,191)
Change in reserves and reserve fund balances	580,414	92,520
Opening reserves and reserve fund balance	9,191,377	9,098,857
Closing reserves and reserve fund balance	\$ 9,771,791	\$ 9,191,377
Analyzed as follows:		
Reserves set aside for specific purposes by Council:		
Working capital	\$ 852,847	\$ 779,530
Acquisition of capital assets	1,039,299	649,655
Recreational and cultural facilities	272,443	217,854
Other	29,502	119,415
Total reserves	2,194,091	1,766,454
Reserve funds set aside for specific purposes by Council:		
Recreational and cultural facilities	-	16,442
Landfill site closure and post-closure care	841,199	759,188
Capital expenditure – Arnprior Hydro Reserve Fund	6,736,501	6,649,293
Total reserve funds	7,577,700	7,424,923
Total reserves and reserve funds	\$ 9,771,791	\$ 9,191,377

As disclosed in note 7, the Capital Fund had repayments, net of internal borrowings, to the Arnprior Hydro Reserve Fund of \$(282,605) (2006 - \$(173,909)) in 2007. Total internal financing at December 31, 2007 is \$3,644,435 (2006 - \$3,927,040).

Financial Statements of

**TOWN OF ARNPRIOR – TRUST  
FUNDS**

Year ended December 31, 2007



**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, 2007 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, 2007 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

September 30, 2008

# CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds

Statements of Financial Position

December 31, 2007, with comparative figures for 2006

Name of Funds	Care and maintenance	Neilson trust	O.H.R.P	Total 2007	Total 2006
<b>Assets</b>					
Cash	\$ 28	\$ 32	\$ 2,478	\$ 2,538	\$ 2,538
Investment in bonds at cost:					
Canada	200	–	–	200	200
Provincial	141,400	–	–	141,400	145,500
Municipal and other corporate	118,182	–	–	118,182	118,182
Guaranteed investment certificates and term deposits	199,122	52,000	–	251,122	251,122
Accrued interest receivable	123,313	–	–	123,313	107,541
	582,217	52,000	–	634,217	622,545
Other:					
Due from Town of Arnprior (note 4)	50,831	–	–	50,831	29,389
Due from revenue fund	–	–	2,008	2,008	2,008
	50,831	–	2,008	52,839	31,397
	\$ 633,076	\$ 52,032	\$ 4,486	\$ 689,594	\$ 656,480

## Liabilities and Fund Balance

Due to Arnprior Municipal Cemetery	\$ 123,313	\$ –	\$ –	\$ 123,313	\$ 107,541
Fund balance	509,763	52,032	4,486	566,281	548,939
	\$ 633,076	\$ 52,032	\$ 4,486	\$ 689,594	\$ 656,480

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, 2007, with comparative figures for 2006

	Care and maintenance	Neilson trust	O.H.R.P	Total 2007	Total 2006
Fund balance, beginning of year	\$ 492,421	\$ 52,032	\$ 4,486	\$ 548,939	\$ 528,245
Capital receipts:					
Care and maintenance	17,342	—	—	17,342	20,730
Revenue:					
Investment income	20,746	2,062	—	22,808	22,499
Loan interest	—	—	—	—	11
	38,088	2,062	—	40,150	43,240
Expenditures:					
Cemetery maintenance	20,746	2,062	—	22,808	22,499
Administration fee	—	—	—	—	47
	20,746	2,062	—	22,808	22,546
Fund balance, end of year	\$ 509,763	\$ 52,032	\$ 4,486	\$ 566,281	\$ 548,939

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, 2007

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## 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. Ontario Home Renewal Program (O.H.R.P.):

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2007 are comprised of repayable loans of \$Nil (2006 - \$Nil). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

## 3. Investments:

The investments totalling \$634,217 (2006 - \$622,245) reported on the Statements of Financial Position at cost, have a market value of \$626,501 (2006 - \$617,711) at the end of the year.

## 4. 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 \$1,477 (2006 - \$1,329) 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, 2007



**KPMG LLP**  
**Chartered Accountants**  
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## AUDITORS' REPORT

To the Members of the Downtown Arnprior Business Improvement Area Association

We have audited the statement of financial position of the Downtown Arnprior Business Improvement Area Association as at December 31, 2007 and the statement of financial activities and current fund balance deficit 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, 2007 and the results of its operations and changes in its financial position 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

September 30, 2008

# DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

## Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Financial assets:		
Cash and cash equivalents	\$ 32,907	\$ 43,923
Due from (to) the Corporation of the Town of Arnprior	22,627	(1,750)
	55,534	42,173
Liabilities:		
Accounts payable	3,802	1,888
<b>Net financial assets</b>	<b>\$ 51,732</b>	<b>\$ 40,285</b>
Municipal position:		
Current fund surplus	\$ 30,161	\$ 18,714
Reserves:		
Reserve for working capital	6,306	6,306
Reserve for street improvements	15,265	15,265
	21,571	21,571
<b>Total municipal position</b>	<b>\$ 51,732</b>	<b>\$ 40,285</b>

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 Financial Activities and Current Fund Balance Surplus

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Revenues:		
Municipal tax levy	\$ 25,500	\$ 25,500
Other	-	100
Interest	982	653
	26,482	26,253
Expenditures:		
Services	4,348	8,045
Materials and supplies	10,611	3,220
Financial	75	80
	15,034	11,345
Change in current fund balance	11,448	14,908
Opening current fund surplus (deficit)	18,713	3,805
Closing current fund surplus	\$ 30,161	\$ 18,713

See accompanying notes to the financial statements.

# DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2007

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## 1. Significant accounting policies:

The financial statements of the Downtown Arnprior Business Improvement Area 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.

- (a) These statements reflect the assets, liabilities, revenue and expenditures of the Association and include operating funds and reserves. Transfers between funds are recorded as adjustments to the appropriate fund balance.
- (b) Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (c) 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.

## 2. Cash and cash equivalents:

The Downtown Arnprior Business Improvement Area Association considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

## 3. Statement of changes in financial position:

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

Financial Statements

**ARNPRIOR MUNICIPAL  
CEMETERY**

Year ended December 31, 2007



**KPMG LLP**  
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## **AUDITORS' REPORT**

To the Members of the Arnprior Municipal Cemetery

We have audited the statement of financial position of the Arnprior Municipal Cemetery as at December 31, 2007 and the statement of financial activities and current fund balance 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, 2007 and the results of its operations and changes in its financial position 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

September 30, 2008

# ARNPRIOR MUNICIPAL CEMETERY

## Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Financial assets:		
Due from Town of Arnprior - current fund	\$ 18,335	\$ 18,319
Due from Town of Arnprior - care and maintenance trust fund	123,313	107,541
	<u>141,648</u>	<u>125,860</u>
Liabilities:		
Accounts payable	2,995	2,900
Deferred revenue	13,210	13,210
	<u>16,205</u>	<u>16,110</u>
<b>Net financial assets</b>	<b>\$ 125,443</b>	<b>\$ 109,750</b>
Municipal position:		
Current fund	\$ 125,443	\$ 109,750

See accompanying notes to the financial statements.

On behalf of the Arnprior Municipal Cemetery:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

# ARNPRIOR MUNICIPAL CEMETERY

## Statement of Financial Activities and Current Fund Balance

Year ended December 31, 2007, with comparative figures for 2006

	Budget 2007	Actual 2007	Actual 2006
	(Unaudited, note 3)		
Revenue:			
Care and maintenance	\$ 22,200	\$ 22,844	\$ 22,499
Burial charges	32,500	47,932	41,434
Plots	17,400	19,076	19,322
	<u>72,100</u>	<u>89,852</u>	<u>83,255</u>
Expenditures:			
Salaries	38,700	37,612	31,674
Services	22,700	25,137	25,111
Materials, supplies and utilities	10,700	11,410	10,023
Capital purchases	—	—	8,702
	<u>72,100</u>	<u>74,159</u>	<u>75,510</u>
Net revenue	—	15,693	7,745
Opening current fund balance	109,750	109,750	102,005
Closing current fund balance	<u>\$ 109,750</u>	<u>\$ 125,443</u>	<u>\$ 109,750</u>

See accompanying notes to the financial statements.

# ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements

Year ended December 31, 2007

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## 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) These financial statements reflect the assets, liabilities, revenue and expenditures of the Cemetery. The Town of Arnprior is responsible for payment of debt charges relating to capital operations of the Cemetery and therefore related long-term debt and amounts to be recovered from future revenues are reflected in the Town's financial statements.
- (b) Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (c) The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the "Statement of Financial Activities and Current Fund Balance" in the year of acquisition.
- (d) Certain monies are collected for burial charges in advance of the services actually being provided. Such revenues are not recognized until the services are rendered and are shown as deferred revenue on the "Statement of Financial Position".
- (e) 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.

## 2. Trust funds:

Trust funds administered by the Town amounting to \$566,281 (2006 - \$548,939) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Financial Activities and Current Fund Balance.

## 3. Budget figures:

The Arnprior Municipal Cemetery reviews its operating budget annually. The approved operating budget for 2006 is reflected on the Statement of Financial Activities and Current Fund Balance. Budget figures have not been audited and are presented for information purposes.

# ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements (continued)

Year ended December 31, 2007

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#### **4. Statement of changes in financial position:**

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

Financial Statements of

**ARNPRIOR PUBLIC LIBRARY  
BOARD**

Year ended December 31, 2007



**KPMG LLP**  
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## AUDITORS' REPORT

We have audited the statement of financial position of the Arnprior Public Library Board as at December 31, 2007 and the statement of financial activities and current fund balance 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, 2007 and the results of its operations and changes in its financial position 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'.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

September 30, 2008

# ARNPRIOR PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Financial assets:		
Cash	\$ 69,422	\$ 63,119
Investments	170,366	161,789
	<u>239,788</u>	<u>224,908</u>
Liabilities:		
Accounts payable	5,317	4,462
Due to the Town of Arnprior	11,435	13,089
	<u>16,752</u>	<u>17,551</u>
<b>Total net financial assets</b>	<b>\$ 223,036</b>	<b>\$ 207,357</b>
Municipal position:		
Current fund	\$ 593	\$ 491
Reserves:		
Reserve Norma Hall bequest	20,949	20,949
Reserve D. Macklem	5,000	5,000
Reserve Newmann bequest	10,000	10,000
Reserve Gaumond bequest	133,866	125,289
Reserve for programs	3,125	2,125
Reserve for future development	33,545	27,545
Reserve for books	15,958	15,958
	<u>222,443</u>	<u>206,866</u>
<b>Total municipal position</b>	<b>\$ 223,036</b>	<b>\$ 207,357</b>

See accompanying notes to the financial statements.

On behalf of the Arnprior Public Library Board:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

# ARNPRIOR PUBLIC LIBRARY BOARD

## Statement of Financial Activities and Current Fund Balance

Year ended December 31, 2007, with comparative figures for 2006

	Budget (Unaudited)	2007	2006
<b>Revenues:</b>			
Grants - Town of Arnprior	\$ 189,396	\$ 189,396	\$ 177,969
- Township of Mc Nab/Braeside	32,820	32,817	32,300
- Province of Ontario	15,569	15,605	15,621
- Township of Lanark Highlands	700	700	700
Fees, fines and book sales	17,500	33,532	36,480
Investment income	3,200	13,691	6,686
Donations	5,000	9,944	29,395
<b>Total revenues</b>	<b>264,185</b>	<b>295,685</b>	<b>299,151</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Salaries and benefits	205,681	208,507	193,887
Books and records	38,900	45,917	43,390
Office supplies	5,200	8,142	7,197
Miscellaneous	4,000	2,175	2,728
Copier lease	2,300	2,492	2,227
Professional fees	900	900	900
Insurance	995	784	995
Telephone	3,200	2,274	3,787
Automation	3,000	8,517	8,037
Equipment maintenance	500	298	-
<b>Total current expenditures</b>	<b>264,676</b>	<b>280,006</b>	<b>263,148</b>
<b>Capital:</b>			
Capital	-	-	566
<b>Total capital expenditures</b>	<b>-</b>	<b>-</b>	<b>566</b>
<b>Net revenues (expenditures)</b>	<b>(491)</b>	<b>15,679</b>	<b>35,437</b>
<b>Financing transfers:</b>			
Transfers to reserves (note 3)	-	(21,577)	(38,919)
Contribution from reserves (note 3)	-	6,000	-
	-	(15,577)	(38,919)
<b>Change in current fund balance (deficiency)</b>	<b>(491)</b>	<b>102</b>	<b>(3,482)</b>
<b>Opening current fund balance</b>	<b>491</b>	<b>491</b>	<b>3,973</b>
<b>Closing current fund balance</b>	<b>\$ -</b>	<b>\$ 593</b>	<b>\$ 491</b>

See accompanying notes to the financial statements.

# ARNPRIOR PUBLIC LIBRARY BOARD

## Notes to Financial Statements

Year ended December 31, 2007

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### 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 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) Revenues:

Grants, fees, fines and book sales are recorded in the period to which they relate.

Interest on investments is accrued as earned.

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

(c) Investments:

Investments are recorded at cost, which approximates market value.

(d) Capital assets:

The historical cost and accumulated depreciation of capital assets are not reported for Board purposes. Capital assets are reported as an expenditure on the "Statement of Financial Activities and Current Fund Balance" in the year of acquisition.

(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 annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

# ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2007

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## 1. Significant accounting policies (continued):

### (f) Changes in accounting policies:

Commencing with the fiscal year beginning January 1, 2009, the Board will be adopting CICA Public Sector Accounting Handbook Section PS 3150, "*Tangible Capital Assets*". This Section establishes standards on how to account for and report tangible assets in government financial statements. Tangible capital assets include such diverse items as roads, bridges, buildings, vehicles, equipment, land, water systems and other utility systems.

Effective January 1, 2007, the Board adopted Public Sector Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets by way of a note to the financial statements until Section 3150, "*Tangible Capital Assets*" comes into effect on January 1, 2009.

As of December 31, 2007, the Board does not have adequate information to disclose any of the tangible assets by major category.

## 2. Budget figures:

The Arnprior Public Library reviews its operating budget annually. The approved operating budget for 2006 is reflected on the Statement of Financial Activities and Current Fund Balance. Budget figures have not been audited and are presented for information purposes.

## 3. Reserves:

The reserve Norma Hall bequest is to fund general library operations.

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

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

The reserve Guamond bequest is to fund general library operations.

The reserve for programs is to fund childrens' programs.

The reserve for future development is to fund future development of the library.

The reserve for books is to fund book acquisitions in future years.

# ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2007

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### **3. Reserves (continued):**

During the year, the Board transferred \$8,577 (2006 - \$21,868) to the Reserve Gaumond bequest, \$12,000 (2006 - \$9,050) to the reserve for future development, \$1,000 (2006 - \$1,000) to the reserve for programs and \$6,000 (2006 - \$7,000) from the reserve for future development.

### **4. Statement of changes in financial position:**

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