

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

CORPORATION OF THE TOWN OF ARNPRIOR

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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 single horizontal line that starts under the 'K' and ends under the 'P'.

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 |
|--|---------------------|-----------------------|
| Assets | | |
| 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 |
|--|---------------------|---------------------|
| Revenues: | | |
| 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 |
| Total revenues | 12,662,150 | 12,449,905 |
| Expenditures: | | |
| Current: | | |
| 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 |
| Total current expenditures (note 10) | 9,495,694 | 9,216,644 |
| Capital: | | |
| 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 |
| Total capital expenditures | 1,627,370 | 3,933,205 |
| Total expenditures | 11,123,064 | 13,149,849 |
| Net revenues (expenditures) | 1,539,086 | (699,944) |
| Financing and transfers: | | |
| 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 |
| Increase in fund balances | \$ 1,242,349 | \$ 2,871,564 |

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 |
|--|---------------------|---------------------|
| Operations: | | |
| Net revenues (expenditures) | \$ 1,539,086 | \$ (699,944) |
| Uses: | | |
| 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> |
| Sources: | | |
| 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> |
| Net change in cash from operations | <u>2,376,876</u> | <u>(3,128,899)</u> |
| Investing: | | |
| Decrease in investments | 7,404 | 27,149 |
| Net change in cash from investing | <u>7,404</u> | <u>27,149</u> |
| Financing: | | |
| Debt incurred – 3,897,880 | | |
| Debt principal repayments | (305,403) | (373,823) |
| Net change in cash from financing | <u>(305,403)</u> | <u>3,524,057</u> |
| Increase in cash and cash equivalents | <u>2,078,877</u> | <u>422,307</u> |
| Cash and cash equivalents, beginning of year | 2,755,217 | 2,332,910 |
| Cash and cash equivalents, end of year | <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

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

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

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 |
| | \$ 307,425 | \$ 211,000 |

- (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) |
| | \$ (3,444,100) | \$ (4,009,610) |

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 (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 Stave 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 Stave 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

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 |
| Total | \$ 9,495,694 | \$ 9,216,644 |

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 | - | - |
| | \$ 1,564,104 | \$ 1,590,772 | \$ 1,571,508 | \$ 1,594,632 |

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

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 – Transfer from deferred obligatory reserve (note 8) | 124,352 35,352 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 | | | |
| Total revenues | 920,790 | 429,354 | 783,584 |
| 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 | | | |
| Total expenditures | 3,209,750 | 1,627,370 | 3,933,205 |
| Net expenditures | (2,288,960) | (1,198,016) | (3,149,621) |
| 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 |
| Net financing and transfers | 2,654,135 | 1,763,526 | 5,741,579 |
| Change in capital fund balance | 365,175 | 565,510 | 2,591,958 |
| Opening capital fund balance deficiency | (4,009,610) | (4,009,610) | (6,601,568) |
| Closing capital fund deficiency | \$ (3,644,435) | \$ (3,444,100) | \$ (4,009,610) |

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



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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 |
|---|----------------------------------|---------------|----------|------------|------------|
| Assets | | | | | |
| 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 | |
| | <u>38,088</u> | <u>2,062</u> | <u>–</u> | <u>40,150</u> | <u>43,240</u> |
| Expenditures: | | | | | |
| Cemetery maintenance | 20,746 | 2,062 | – | 22,808 | 22,499 |
| Administration fee | – | – | – | 47 | |
| | <u>20,746</u> | <u>2,062</u> | <u>–</u> | <u>22,808</u> | <u>22,546</u> |
| 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

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



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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 |
|---|------------------|------------------|
| Assets | | |
| 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 |
| Net financial assets | \$ 51,732 | \$ 40,285 |
| 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 |
| Total municipal position | \$ 51,732 | \$ 40,285 |

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 |
| | <u>26,482</u> | <u>26,253</u> |
| Expenditures: | | |
| Services | 4,348 | 8,045 |
| Materials and supplies | 10,611 | 3,220 |
| Financial | 75 | 80 |
| | <u>15,034</u> | <u>11,345</u> |
| Change in current fund balance | 11,448 | 14,908 |
| Opening current fund surplus (deficit) | 18,713 | 3,805 |
| Closing current fund surplus | <u>\$ 30,161</u> | <u>\$ 18,713</u> |

See accompanying notes to the financial statements.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2007

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



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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.

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 |
|---|-------------------|-------------------|
| Assets | | |
| 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> |
| Net financial assets | \$ 125,443 | \$ 109,750 |
| 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

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

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



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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', with a small upward tick at the end.

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 |
|-----------------------------------|-------------------|-------------------|
| Assets | | |
| 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> |
| Total net financial assets | \$ 223,036 | \$ 207,357 |
| 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> |
| Total municipal position | \$ 223,036 | \$ 207,357 |

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 |
|--|-----------------------|----------------|----------------|
| Revenues: | | | |
| 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 |
| Total revenues | 264,185 | 295,685 | 299,151 |
| Expenditures: | | | |
| Current: | | | |
| 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 - | | | |
| Total current expenditures | 264,676 | 280,006 | 263,148 |
| Capital: | | | |
| Capital - - 566 | | | |
| Total capital expenditures - - 566 | | | |
| Net revenues (expenditures) | (491) | 15,679 | 35,437 |
| Financing transfers: | | | |
| Transfers to reserves (note 3) - (21,577) (38,919) | | | |
| Contribution from reserves (note 3) - 6,000 - | | | |
| - (15,577) (38,919) | | | |
| Change in current fund balance (deficiency) | (491) | 102 | (3,482) |
| Opening current fund balance | 491 | 491 | 3,973 |
| Closing current fund balance \$ - \$ 593 \$ 491 | | | |

See accompanying notes to the financial statements.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2007

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

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

3. Reserves (continued):

During the year, the Board transferred \$8,577 (2006 - \$21,868) to the Reserve Gaumont 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.