

Consolidated Financial Statements

**CORPORATION OF THE TOWN OF
ARNPRIOR**

Year ended December 31, 2010

CORPORATION OF THE TOWN OF ARNPRIOR

Year ended December 31, 2010

CORPORATION OF THE TOWN OF ARNPRIOR

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Arnprior (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements operations and accumulated municipal equity, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Town's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Town of Arnprior as at December 31, 2010, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

October 9, 2012

Ottawa, Canada

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Financial assets:		
Cash	\$ 4,013,887	\$ 2,542,223
Taxes receivable	1,335,744	1,616,576
Water and sewer billings receivable	1,471,858	914,085
Accounts receivable	4,879,097	934,498
Investments, at cost (note 4)	960,000	1,263,000
	<u>12,660,586</u>	<u>7,270,382</u>
Financial liabilities:		
Temporary loans (note 7(e)) 14,175,766 –		
Accounts payable and accrued liabilities	4,480,995	2,180,963
Deferred revenue - obligatory reserve funds (note 5)	486,957	682,710
Deferred revenue - other	134,924	208,650
Accrued vacation pay	65,000	65,000
Landfill site closure and post-closure costs (note 6)	1,556,036	1,006,199
Net long-term liabilities (note 7)	5,538,321	5,887,268
	<u>26,437,999</u>	<u>10,030,790</u>
Net debt	(13,777,413)	(2,760,408)
Non-financial assets:		
Prepaid expenses	10,095	11,114
Inventories of supplies	41,923	45,612
Tangible capital assets (note 8)	51,075,516	29,534,259
Total non-financial assets	<u>51,127,534</u>	<u>29,590,985</u>
Contractual obligations (note 9)		
Contingent liabilities (note 10)		
Accumulated municipal equity (note 11)	<u>\$ 37,350,121</u>	<u>\$ 26,830,577</u>

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(Unaudited, note 12)		
Revenue:			
Property taxation	\$ 6,628,108	\$ 6,990,702	\$ 6,709,891
Taxation from other governments	154,195	94,906	140,029
User charges	5,029,416	4,681,087	4,115,519
Government grants:			
Province of Ontario	1,260,180	6,599,601	3,108,031
Government of Canada – 5,004,280 2,216,393			
Other municipalities	44,000	196,431	194,107
Investment income	8,000	99,443	109,723
Donations – 95,844 28,978			
Other	117,000	287,764	425,427
Transfers from deferred revenue - obligatory reserve funds (note 5)	12,085	768,804	167,332
Total revenue	13,252,984	24,818,062	17,215,430
Expenses (note 13):			
General government	2,078,292	1,886,386	1,424,218
Protection to persons and property	2,581,394	2,781,248	2,869,675
Transportation services	1,577,532	2,317,023	2,442,125
Environmental services	4,010,186	4,061,878	4,180,162
Health and social services – 73,796 85,858			
Recreational and cultural services	2,607,746	2,947,798	2,739,530
Planning and development	149,575	231,189	152,112
Total expenses	13,004,725	14,299,318	13,893,680
Annual surplus	248,259	10,519,544	3,321,750
Accumulated municipal equity, beginning of year		26,830,577	23,508,827
Accumulated municipal equity, end of year (note 11)		\$ 37,350,121	\$ 26,830,577

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Change in Net Debt

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(Unaudited, note 12)		
Annual surplus	\$ 248,259	\$ 10,519,544	\$ 3,321,750
Acquisition of tangible capital assets	(21,378,000)	(22,999,012)	(7,925,402)
Amortization of tangible capital assets (note 8) –	1,457,755	1,115,634	
Loss on disposal of tangible capital assets –	– 51,014		
	(21,129,741)	(11,021,713)	(3,437,004)
Decrease (increase) in prepaid expenses –	1,019	(6,096)	
Decrease (increase) in inventories of supplies –	3,689	(1,261)	
Change in net debt	(21,129,741)	(11,017,005)	(3,444,361)
Net financial assets (net debt), beginning of year		(2,760,408)	683,953
Net debt, end of year		\$ (13,777,413)	\$ (2,760,408)

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Operating transactions:		
Annual surplus	\$ 10,519,544	\$ 3,321,750
Items not involving cash:		
Amortization of tangible capital assets	1,457,755	1,115,634
Loss on disposal of tangible capital assets – 51,014		
Increase in landfill site closure and post-closure cost liabilities	549,837	81,870
	<u>12,527,136</u>	<u>4,570,268</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	280,832	(326,556)
Increase in water and sewer billings receivable	(557,773)	(53,164)
Increase in accounts receivable	(3,944,599)	(23,708)
Increase in accounts payable and accrued liabilities	2,300,032	600,264
Decrease in deferred revenue - obligatory reserve funds	(195,753)	(960,065)
Decrease in deferred revenue - other	(73,726)	(4,100)
Decrease (increase) in prepaid expenses	1,019	(6,096)
Decrease (increase) in inventories of supplies	3,689	(1,261)
	<u>(2,186,279)</u>	<u>(774,686)</u>
Net change in cash from operations	10,340,857	3,795,582
Capital transactions:		
Acquisition of tangible capital assets	(22,999,012)	(7,925,402)
Investing transactions:		
Net disposal of investments	303,000	300,000
Financing transactions:		
Temporary loans 14,175,766 – Debt principal repayments	(348,947)	(335,770)
	<u>13,826,819</u>	<u>(335,770)</u>
Increase (decrease) in cash	1,471,664	(4,165,590)
Cash, beginning of year	2,542,223	6,707,813
Cash, end of year	<u>\$ 4,013,887</u>	<u>\$ 2,542,223</u>

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, 2010

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 public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity:

(i) Consolidated entities:

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

These consolidated financial statements include:

Arnprior Public Library Board

Arnprior Municipal Cemetery

Arnprior Airport Commission

Downtown Arnprior Business Improvement Area Association

(ii) Accounting for County and School Board transactions:

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(b) Accrual accounting:

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

(c) Investments:

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

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

(d) Deferred revenue:

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

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

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

The Town accrues landfill site closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 43-year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(f) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

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

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

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

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

(ii) Contributions of tangible capital assets:

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

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

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

(iv) Interest capitalization:

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

(v) Inventories of supplies:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(g) Government transfers:

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

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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

During 2010, 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	2010	2009
Taxation and user charges	\$ 3,022,899	\$ 2,999,234
Amount transferred to school boards	\$ 3,022,899	\$ 2,999,234

County of Renfrew	2010	2009
Taxation and user charges	\$ 3,184,692	\$ 3,113,764
Payments in lieu	32,012	28,501
Amount transferred to the County of Renfrew	\$ 3,216,704	\$ 3,142,265

3. Trust funds:

Trust funds administered by the Town amounting to \$604,759 (2009 - \$585,559) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Municipal Equity.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

4. Investments:

	2010		2009	
	Cost	Market value	Cost	Market value
Guaranteed investment certificates	\$ 960,000	\$ 976,573	\$ 1,263,000	\$ 1,287,000

Investments held by the Town relate to reserve funds. The guaranteed investment certificates have interest rates ranging between 4.16% to 4.9% and maturity dates between March 2012 and March 2013.

5. 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:

	2010	2009
Balance, beginning of year	\$ 682,710	\$ 1,642,775
Investment income	22,065	24,995
Subdivider contributions	331,414	239,840
Federal gas tax grant received	219,572	233,691
Recognized as revenue:		
Grants - Province of Ontario – (1,291,259)		
Transfers	(768,804)	(167,332)
Balance, end of year	\$ 486,957	\$ 682,710
Analyzed as follows:		
Development charges	\$ 51,971	\$ 469,663
Federal gas tax	416,853	195,363
Cash in lieu of parkland	18,133	17,684
	\$ 486,957	\$ 682,710

6. Landfill site closure and post-closure liabilities:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

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

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

Landfill site closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 43-year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

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 5% using an inflation factor of 3%. The estimated total landfill site closure and post-closure care expenditures are calculated to be \$3,234,887. 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 247,120 cubic meters of its total estimated capacity and its estimated remaining life is 15.6 years, after which the period for post-closure care is estimated to be 25 years.

Included on the Consolidated Statement of Financial Position is an accrued liability of \$1,556,036 (2009 - \$1,006,199) with respect to landfill closure and post-closure liabilities recognized to date.

The Town has reserve funds totalling \$1,556,036 (2009 - \$1,006,199) for the landfill site closure and post-closure care of the landfill site.

7. Net long-term liabilities:

(a) Balance:

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

	2010	2009
Total long-term liabilities incurred by the Town including those incurred on behalf of municipal enterprises and outstanding at the end of the year amount to	\$ 5,538,321	\$ 5,887,268

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

7. Net long-term liabilities (continued):

(b) Principal repayment schedule:

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

2011	\$	361,100
2012		375,597
2013		390,835
2014		406,851
2015		423,685
Thereafter		3,580,253
	\$	5,538,321

(c) Payments for net long-term liabilities:

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

	2010	2009
Principal payments	\$ 347,308	\$ 335,771
Interest payments	264,316	277,970
	\$ 611,624	\$ 613,741

(d) Approval of long-term liabilities:

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

(e) Temporary loans:

The temporary loans, in the amount of \$14,175,166 (2009 – \$Nil), reported in the Consolidated Statement of Financial Position, is an advance received by the Town from the Ontario Infrastructure Projects Corporation (OIPC) on account of debentures issued to the Town subsequent to year end. The temporary loan bears interest at a rate of 1.54% per annum.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

8. Tangible capital assets (continued):

(a) 2010 balances and activity:

Cost	Balance at December 31, 2009	Additions	Transfers, disposals and adjustments	Balance at December 31, 2010
Land \$ 1,645,314 \$ – \$ – \$ 1,645,314				
Buildings and building improvements	15,579,463	121,483	–	15,700,946
Linear assets	32,599,593	466,291	– 33,065,884	
Machinery and equipment	2,774,937	439,025	661,203	3,875,165
Vehicles	1,356,776	21,718	– 1,378,494	
Work-in-progress	3,147,615	21,950,495	(661,203)	24,436,907
Total	\$ 57,103,698	\$ 22,999,012	\$ – \$ 80,102,710	

Accumulated amortization	Balance at December 31, 2009	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2010
Buildings and building improvements	\$ 9,008,295	\$ 267,840	\$ –	\$ 9,276,135
Linear assets	16,123,394	840,963	– 16,964,357	
Machinery and equipment	1,670,588	225,333	– 1,895,921	
Vehicles 767,162 123,619 – 890,781				
Total	\$ 27,569,439	\$ 1,457,755	\$ – \$ 29,027,194	

	Net book value December 31, 2009	Net book value December 31, 2010
Land	\$ 1,645,314	\$ 1,645,314
Buildings and building improvements	6,571,168	6,424,811
Linear assets	16,476,199	16,101,527
Machinery and equipment	1,104,349	1,979,244
Vehicles	589,614	487,713
Work-in-progress	3,147,615	24,436,907
Total	\$ 29,534,259	\$ 51,075,516

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

8. Tangible capital assets:

(b) 2009 balances and activity:

Cost	Balance at December 31, 2008	Additions	Transfers, disposals and adjustments	Balance at December 31, 2009
Land \$ 1,645,314 \$ – \$ – \$ 1,645,314				
Buildings and building improvements	15,479,421	74,817	25,225	15,579,463
Linear assets	27,761,848	4,192,885	644,860	32,599,593
Machinery and equipment	2,242,240	532,697 – 2,774,937		
Vehicles	1,136,004	220,772 – 1,356,776		
Work-in-progress	1,004,368	2,904,231	(760,984)	3,147,615
Total	\$ 49,269,195	\$ 7,925,402	\$ (90,899)	\$ 57,103,698

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

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 1,645,314	\$ 1,645,314
Buildings and building improvements	6,736,219	6,571,168
Linear assets	12,190,244	16,476,199
Machinery and equipment	724,823	1,104,349
Vehicles	474,536	589,614
Work-in-progress	1,004,368	3,147,615
Total	\$ 22,775,504	\$ 29,534,259

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

8. Tangible capital assets (continued):

(c) Work-in-progress:

Assets under construction having a value of \$24,436,907 (2009 - \$3,147,615) have not been amortized. Amortization of these assets will commence when the asset is available to be put into service.

(d) Works of art and historical treasures:

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

(e) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2009 - \$51,014).

9. Contractual obligations:

Pursuant to a multi-year contract for operation and supervision of the Solid Waste Disposal Site ending 2014, the Town is committed to annual payments of \$242,938 in 2011, \$259,368 in 2012, \$267,149 in 2013 and \$181,626 in 2014.

Pursuant to a multi-year contract for curbside waste collection ending 2014, the Town is committed to annual payments of \$159,321 in 2011, \$141,539 in 2012, \$152,748 in 2013 and \$103,357 in 2014.

Pursuant to a multi-year contract for curbside recycling collection ending in 2016, the Town is committed to annual payments of \$141,807 in 2011, \$155,134 in 2012, \$174,772 in 2013, \$178,267 in 2014, \$181,832 in 2015 and \$122,827 in 2016.

10. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2010, 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, 2010

11. Accumulated municipal equity:

	2010	2009
Operating surplus (deficit) breakdown:		
General operating fund	\$ 30,866	\$ (118,733)
Unfunded liability – accrued vacation pay (65,000) (65,000)		
Unfunded liability – landfill site closure and post-closure costs	(1,556,036)	(1,006,199)
Arnprior Business Improvement Area	77,606	61,516
Arnprior Public Library Board	1	1
Arnprior Municipal Cemetery	143,361	144,829
Arnprior Airport Commission	99,504	93,546
Total operating deficit	(1,269,698)	(890,040)
Reserves set aside for specific purposes by Council:		
Working capital	2,176,853	2,144,457
Acquisition of tangible capital assets	347,031	500,512
Recreation and cultural facilities	11,187	11,188
Other	166,637	242,364
Total reserves	2,701,708	2,898,521
Reserve funds set aside for specific purposes by Council:		
Landfill site closure and post-closure care	1,082,728	1,006,199
Capital expenditures – Arnprior Hydro Reserve Fund	6,421,146	6,408,231
Other	307,544	445,089
Total reserve funds	7,811,418	7,859,519
Investment in tangible capital assets:		
Tangible capital assets	51,075,516	29,534,259
Net long-term liabilities	(5,538,321)	(5,887,268)
Temporary loans (14,175,766) –		
Capital expenditures to be financed	(3,254,736)	(6,684,414)
Investment in tangible capital assets	28,106,693	16,962,577
Total accumulated municipal equity	\$ 37,350,121	\$ 26,830,577

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

12. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2010 operating and capital budgets approved by Council on December 21, 2010. Amortization of tangible capital assets was not contemplated on development of the budget and, as such, has not been included. The approved budget to the budget figures reported in these consolidated financial statements is listed below:

	2010 Budget (unaudited)
Reported on statement of operations:	
Operating revenue	\$ 13,252,984
Operating expenses	13,004,725
Annual surplus	248,259
Reported on statement of change in net debt:	
Acquisition of tangible capital assets	(21,378,000)
Total budgeted deficit on statements	\$ (21,129,741)
Budget not reported on statements:	
Capital revenue – debentures	\$ 9,638,000
Capital revenue – grants	10,656,500
Capital revenue – reserve and reserve fund transfers	857,582
Operating expense – transfer to reserves	225,918
Total budgeted surplus not reported on statement	\$ 248,259

13. Expenses:

	2010	2009
Expenses by object:		
Salaries, wages and employee benefits	\$ 4,453,923	\$ 4,237,737
Long-term debt interest	416,943	277,970
Materials	1,905,854	1,651,774
Contracted services	6,010,218	6,521,603
Rents and financial	19,221	19,341
Transfers to others	35,404	18,607
Amortization of tangible capital assets	1,457,755	1,115,634
Loss on disposal of tangible capital assets	–	51,014
Total	\$ 14,299,318	\$ 13,893,680

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

14. 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 2010 was \$168,504 (2009 - \$175,853).

15. Comparative figures:

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

16. Segmented information:

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

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

For each segment separately reported, the segment non-taxation revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Schedule of Segment Information

Year ended December 31, 2010

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health and Social Services	Recreational and Cultural Services	Planning and Development	Total
Non-taxation revenue:								
User charges	\$ 341,556	\$ 8,405	\$ 56,547	\$ 3,122,798	\$ -	\$ 1,079,270	\$ 72,511	\$ 4,681,087
Government grants:								
Province of Ontario	10,160	213,500	1,398,399	4,506,156	-	471,386	-	6,599,601
Government of Canada	-	-	24,999	4,442,367	-	536,914	-	5,004,280
Other municipalities	-	-	54,318	-	-	142,113	-	196,431
Investment income	98,388	-	-	-	-	1,055	-	99,443
Donations	95,844	-	-	-	-	-	-	95,844
Other	287,764	-	-	-	-	-	-	287,764
Transfer from deferred revenue - obligatory reserve funds	768,804	-	-	-	-	-	-	768,804
	1,602,516	221,905	1,534,263	12,071,321	-	2,230,738	72,511	17,733,254
Expenses:								
Salaries, wages and employee benefits	895,346	421,063	771,130	579,249	39,658	1,615,230	132,247	4,453,923
Long-term debt interest	-	-	-	416,943	-	-	-	416,943
Materials	61,432	42,871	392,123	695,310	12,336	691,500	10,282	1,905,854
Contracted services	874,057	2,186,267	543,445	1,866,232	21,802	429,755	88,660	6,010,218
Rents and financial	6,481	-	-	12,740	-	-	-	19,221
Transfers to others	-	-	-	-	-	35,404	-	35,404
Amortization of tangible capital assets	49,070	131,047	610,325	491,404	-	175,909	-	1,457,755
	1,886,386	2,781,248	2,317,023	4,061,878	73,796	2,947,798	231,189	14,299,318
Net segment revenue (expenses)	(283,870)	(2,559,343)	(782,760)	8,009,443	(73,796)	(717,060)	(158,678)	3,433,936
Taxation revenue:								
Property taxation								6,990,702
Taxation from other governments								94,906
Annual surplus								\$ 10,519,544

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

Financial Statements of

**TOWN OF ARNPRIOR –
TRUST FUNDS**

Year ended December 31, 2010



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Town of Arnprior (the "Town"), which comprise the statements of financial position as at December 31, 2010 and statements of fund continuity of the Trust Funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the 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, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

March 28, 2011

Ottawa, Canada

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds Statements of Financial Position

December 31, 2010, with comparative figures for 2009

Name of Funds	Care and maintenance	Neilson trust	O.H.R.P	Total 2010	Total 2009
Assets					
Cash	\$ 28	\$ 32	\$ –	\$ 60	\$ 60
Investment in bonds at cost:					
Canada	200	–	–	200	200
Municipal and other corporate	342,982	–	–	342,982	313,476
Guaranteed investment certificates and term deposits	199,116	52,000	–	251,116	251,122
Accrued interest receivable	164,089	–	–	164,089	164,011
	706,415	52,032	–	758,447	728,869
Other:					
Due from Town of Arnprior (note 3)	10,401	–	–	10,401	20,701
	\$ 716,816	\$ 52,032	\$ –	\$ 768,848	\$ 749,570

Liabilities and Fund Balance

Due to Arnprior Municipal Cemetery	\$ 164,089	\$ –	\$ –	\$ 164,089	\$ 164,011
Fund balance	552,727	52,032	–	604,759	585,559
	\$ 716,816	\$ 52,032	\$ –	\$ 768,848	\$ 749,570

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

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds Statements of Fund Continuity

Year ended December 31, 2010, with comparative figures for 2009

	Care and maintenance	Neilson trust	O.H.R.P	Total 2010	Total 2009
Fund balance, beginning of year	\$ 533,527	\$ 52,032	\$ –	\$ 585,559	\$ 577,967
Capital receipts:					
Care and maintenance	19,200	–	–	19,200	12,078
Revenue:					
Investment income	24,250	1,678	–	25,928	28,112
	<u>43,450</u>	<u>1,678</u>	<u>–</u>	<u>45,128</u>	<u>40,190</u>
Expenditures:					
Cemetery maintenance	24,250	1,678	–	25,928	28,112
Repayment of O.H.R.P. Fund	–	–	–	4,486	–
	<u>24,250</u>	<u>1,678</u>	<u>–</u>	<u>25,928</u>	<u>32,598</u>
Fund balance, end of year	\$ 552,727	\$ 52,032	\$ –	\$ 604,759	\$ 585,559

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, 2010

1. Significant accounting policies:

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

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

2. Investments:

The investments totalling \$758,387 (2009 - \$728,812) reported on the Statements of Financial Position at cost, have a market value of \$762,156 (2009 - \$733,033) at the end of the year.

3. Due from Town of Arnprior:

The amount due from the Town of Arnprior bears interest at the prime rate less 1.9% and is payable on demand. During the year, interest of \$75 (2009 - \$72) 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, 2010



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Downtown Arnprior Business Improvement Area Association (the "Association"), which comprise the statement of financial position as at December 31, 2010 and statements of operations and accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Downtown Arnprior Business Improvement Area Association as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

October 9, 2012

Ottawa, Canada

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Financial assets:		
Cash	\$ 63,114	\$ 83,492
Accounts receivable	46	3,360
Due from the Corporation of the Town of Arnprior (note 2) 36,426 –		
Tangible capital assets 814 –		
	100,400	86,852
Financial liabilities:		
Accounts payable	100	3,765
Due to the Corporation of the Town of Arnprior 1,123 –		
Net financial assets and accumulated surplus (note 3)	\$ 99,177	\$ 83,087

See accompanying notes to the financial statements.

On behalf of the Downtown Arnprior Business Improvement Area Association:

_____ Member

_____ Member

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(Unaudited, note 4)		
Revenue:			
Municipal tax levy	\$ 31,855	\$ 36,426	\$ 25,540
Advertising and other – 940 5,539			
Interest – 263 1,393			
	31,855	37,629	32,472
Expenses:			
Services	23,625	11,346	21,674
Materials and supplies	35,130	9,033	8,444
Donations 500 1,000 –			
Financial	100	160	54
	59,355	21,539	30,172
Annual surplus (deficit)	(27,500)	16,090	2,300
Accumulated surplus, beginning of year	83,087	83,087	80,787
Accumulated surplus, end of year	\$ 55,587	\$ 99,177	\$ 83,087

See accompanying notes to the financial statements.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2010

1. Significant accounting policies:

The financial statements of the Downtown Arnprior Business Improvement Area Association (the "Association") are prepared by management in accordance with Canadian public sector accounting standards.

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

(a) Reporting entity:

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

(b) Revenue and expense recognition:

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

(c) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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

At year end, the Association had an amount due from the Corporation of the Town of Arnprior of \$36,426 (2009 - \$ Nil) representing the net balance of cash receipts and payments processed by the Town on behalf of the Association.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

3. Accumulated surplus:

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

	2010	2009
Operating	\$ 77,606	\$ 61,516
Reserves:		
Working capital	6,306	6,306
Street improvements	15,265	15,265
	21,571	21,571
Accumulated surplus	\$ 99,177	\$ 83,087

4. Budget figures:

Budget figures are computed from the 2010 fiscal year operating, budget approved by the Association. Budget figures have not been audited and are presented for information purposes.

5. Statements of cash flows and net debt:

A statement of cash flows and a statement of net debt have not been included in these financial statements as they would not provide additional meaningful information.

Financial Statements

**ARNPRIOR MUNICIPAL
CEMETERY**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Arnprior Municipal Cemetery, which comprise the statement of financial position as at December 31, 2010, the statement of operations and accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Arnprior Municipal Cemetery as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 29, 2011

Ottawa, Canada

ARNPRIOR MUNICIPAL CEMETERY

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Financial assets:		
Due from the Care and Maintenance Trust Fund	\$ 164,089	\$ 164,011
Financial liabilities:		
Accounts payable	1,000	900
Due to the Corporation of the Town of Arnprior (note 2)	9,562	5,072
Deferred revenue	10,166	13,210
	<u>20,728</u>	<u>19,182</u>
Net financial assets and accumulated surplus	\$ 143,361	\$ 144,829

See accompanying notes to the financial statements.

On behalf of the Arnprior Municipal Cemetery:

_____ Member

_____ Member

ARNPRIOR MUNICIPAL CEMETERY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(Unaudited, note 3)		
Revenue:			
Care and maintenance	\$ 22,200	\$ 25,928	\$ 28,112
Burial charges	32,500	44,672	40,744
Plots	17,400	24,604	12,492
	<u>72,100</u>	<u>95,204</u>	<u>81,348</u>
Expenses:			
Salaries	42,200	39,658	36,438
Services	20,000	44,678	25,807
Materials, supplies and utilities	9,900	12,336	8,955
	<u>72,100</u>	<u>96,672</u>	<u>71,200</u>
Annual surplus (deficit) – (1,468) 10,148			
Accumulated surplus, beginning of year	144,829	144,829	134,681
Accumulated surplus, end of year	<u>\$ 144,829</u>	<u>\$ 143,361</u>	<u>\$ 144,829</u>

See accompanying notes to the financial statements.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements

Year ended December 31, 2010

1. Significant accounting policies:

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

(a) Reporting entity:

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

(b) Revenue and expense recognition:

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

(d) Deferred revenue:

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

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements (continued)

Year ended December 31, 2010

2. Related party balances:

At year end, the Cemetery had an amount due to the Corporation of the Town of Arnprior of \$9,562 (2009 - \$5,072) representing the net balance of cash receipts and payments processed by the Town on behalf of the Cemetery.

3. Budget figures:

Budget figures are compiled from the 2010 fiscal year operating budget approved by the Cemetery Board. Budget figures have not been audited and are presented for information purposes.

4. Trust funds:

Trust funds relating to the Cemetery administered by the Town amounting to \$604,759 (2009 - \$585,559) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

5. Statement of cash flows:

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

Financial Statements of

**ARNPRIOR PUBLIC LIBRARY
BOARD**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Members of Arnprior Public Library Board

We have audited the accompanying financial statements of Arnprior Public Library Board, which comprise the statement of financial position as at December 31, 2010, the statement of operations and accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arnprior Public Library Board as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 12, 2012

Ottawa, Canada

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Financial assets:		
Cash	\$ 151,135	\$ 64,520
Accounts receivable	69	281
Investments	77,050	176,264
	<u>228,254</u>	<u>241,065</u>
Financial liabilities:		
Accounts payable	14,197	8,805
Due to the Town of Arnprior	68,758	26,835
	<u>82,955</u>	<u>35,640</u>
Net financial assets	145,299	205,425
Non-financial assets:		
Tangible capital assets	39,842	19,020
Total accumulated surplus (note 4)	<u>\$ 185,141</u>	<u>\$ 224,445</u>

See accompanying notes to the financial statements.

On behalf of the Arnprior Public Library Board:

_____ Member

_____ Member

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2010, with comparative figures for 2009

	Budget (Unaudited)	2010	2009
Revenue:			
Grants - Town of Arnprior	\$ 262,063	\$ 262,063	\$ 214,524
- Township of McNab/Braeside	36,000	34,450	34,008
- Province of Ontario	15,513	15,699	16,776
- Township of Lanark Highlands	900	900	900
Fees, fines and book sales	24,913	43,849	31,718
Investment income	1,116	1,055	3,639
Donations	5,000	13,271	8,650
Total revenue	345,505	371,287	310,215
Expenses:			
Salaries and benefits	276,049	257,228	232,673
Books and records	44,050	48,094	46,804
Office supplies	7,200	24,656	5,129
Miscellaneous	3,940	4,342	3,839
Copier lease	2,300	1,816	2,107
Professional fees	900	910	955
Insurance	784	975	799
Telephone	3,400	3,796	2,833
Automation	5,500	7,301	4,076
Equipment and maintenance 500 5,486 –			
Amortization of tangible capital assets	500	10,869	5,239
Loss on disposal of capital assets – 1,296 –			
Grant to Town of Arnprior –			
building expansion 140,144 43,822 –			
Total expenses	485,267	410,591	304,454
Annual surplus (deficit)	(139,762)	(39,304)	5,761
Accumulated surplus, beginning of year	224,445	224,445	218,684
Accumulated surplus, end of year	\$ 84,683	\$ 185,141	\$ 224,445

See accompanying notes to the financial statements.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2010

1. Significant accounting policies:

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

(a) Reporting entity:

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

(b) Basis of accounting:

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

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

(c) Investment income:

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

(d) Investments:

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

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2010

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

Asset	Useful Life
Furniture and equipment	5 – 20 year

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

(i) Contributions of tangible capital assets:

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

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

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

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

2. Budget figures:

The Arnprior Public Library reviews its operating budget annually. The approved operating budget for 2010 is reflected on the Statement of Operations and Accumulated Surplus. Budget figures have not been audited and are presented for information purposes.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2010

3. Tangible capital assets:

Cost	Balance at December 31, 2009	Additions	Disposals	Balance at December 31, 2010
Furniture and equipment	\$ 42,494	\$ 32,988	\$ 2,461	\$ 73,021

Accumulated amortization	Balance at December 31, 2009	Disposals	Amortization	Balance at December 31, 2010
Furniture and equipment	\$ 23,474	\$ 1,165	\$ 10,869	\$ 33,178

	Net book value December 31, 2009	Net book value December 31, 2010
Furniture and equipment	\$ 19,020	\$ 39,843

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

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

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

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2010

4. Accumulated surplus:

	2010	2009
Accumulated surplus consists of:		
Invested in tangible capital assets	\$ 39,842	\$ 19,020
Reserves:		
Norma Hall bequest	20,949	20,949
D. Macklem	5,258	5,000
Neumann bequest	7,920	7,920
Gaumond bequest	57,999	139,764
Programs	3,212	3,212
Future development	36,431	15,050
Books	13,530	13,530
Total reserves	145,299	205,425
Total accumulated surplus	\$ 185,141	\$ 224,445

The Norma Hall bequest is to fund general library operations.

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

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

The Guamond bequest is to fund general library operations.

Programs reserve is to fund childrens' programs.

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

Books reserve is to fund book acquisitions in future years.

5. Statements of changes in net financial assets and cash flows:

Statements of changes in net financial assets and cash flows have not been included in these financial statements as they would not provide additional meaningful information.