

Consolidated Financial Statements

**CORPORATION OF THE TOWN OF
ARNPRIOR**

Year ended December 31, 2004

CORPORATION OF THE TOWN OF ARNPRIOR

Year ended December 31, 2004

CORPORATION OF THE TOWN OF ARNPRIOR

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Consolidated Financial Statements

CORPORATION OF THE TOWN OF ARNPRIOR

Year ended December 31, 2004

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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, 2004 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, 2004 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.

Chartered Accountants

Ottawa, Canada
July 28, 2005

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Financial assets:		
Cash and cash equivalents	\$ 1,019,591	\$ 1,776,971
Taxes receivable	1,046,079	750,582
Water and sewer billings receivable	547,929	283,952
Accounts receivable	723,599	746,346
Other current assets	17,018	23,018
Investments (note 12)	1,909,550	5,016,917
	<u>5,263,766</u>	<u>8,597,786</u>
Liabilities:		
Temporary loan (note 6(d))	– 983,990	
Accounts payable and accrued liabilities	1,226,636	878,023
Deferred revenue – obligatory reserve funds (note 8)	219,513	207,934
Employee benefit obligations (note 5)	56,000	56,000
Landfill site closure and post-closure liabilities (note 13)	673,380	632,570
Net long-term liabilities (note 6)	3,706,080	3,499,053
	<u>5,881,609</u>	<u>6,257,570</u>
Net financial assets (deficiency)	(617,843)	2,340,216
Other assets:		
Inventory	72,453	74,608
Total net assets (deficiency)	<u>\$ (545,390)</u>	<u>\$ 2,414,824</u>
Municipal position:		
Current fund (note 7)	\$ 34,845	\$ 161,159
Capital fund (note 7)	(4,502,445)	(1,407,604)
Reserves	1,315,873	994,749
Reserve funds	7,041,797	6,854,143
Fund balances	<u>3,890,070</u>	<u>6,602,447</u>
Amounts to be recovered from future revenues:		
Net long-term liabilities	(3,706,080)	(3,499,053)
Employee benefit obligations (note 5)	(56,000)	(56,000)
Landfill site closure and post-closure liabilities (note 13)	(92,017)	(131,351)
Amounts to be recovered from reserve funds:		
Landfill site closure and post-closure liabilities (note 13)	(581,363)	(501,219)
	<u>(4,435,460)</u>	<u>(4,187,623)</u>
Contingent liabilities (note 9)		
Total municipal position	<u>\$ (545,390)</u>	<u>\$ 2,414,824</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, 2004, with comparative figures for 2003

	2004	2003
Revenues:		
Property taxation	\$ 5,202,600	\$ 5,030,323
Taxation from other governments	112,286	128,651
User charges	3,023,148	2,314,849
Province of Ontario	617,063	548,157
Grants from other municipalities	119,285	107,108
Investment income	374,493	367,783
Donations	67,762	28,697
Proceeds from sale of land and equipment	107,981	8,474
Prepaid special charges	571,896	-
Other	217,652	143,940
Transfers from deferred obligatory reserve funds (note 8)	-	27,061
Total revenues	10,414,166	8,705,043
Expenditures:		
Current:		
General government	1,134,733	1,082,899
Protection to persons and property	1,980,201	1,766,207
Transportation services	1,030,500	1,004,101
Environmental services	1,928,957	1,852,001
Health services	63,888	56,759
Recreational and cultural services	1,926,285	1,800,404
Planning and development	85,716	69,951
Total current expenditures (note 10)	8,150,280	7,632,322
Capital:		
General government	49,581	36,280
Protection to persons and property	288,163	117,838
Transportation services	1,483,366	75,918
Environmental services	3,140,336	1,458,464
Recreational and cultural services	191,588	177,990
Planning and development	68,234	31
Total capital expenditures	5,221,268	1,866,521
Total expenditures	13,371,548	9,498,843
Net expenditures	(2,957,382)	(793,800)
Financing and transfers:		
Debt incurred (note 6)	1,545,000	-
Debt principal repayments (note 6(c))	(1,337,973)	(374,043)
Change in landfill site closure and post-closure liabilities	40,810	40,810
Change in non-financial assets	(2,155)	19,086
Change in pro-rata share of South Renfrew Municipal Airport Commission (note 1(a)(ii))	(677)	400
	245,005	(313,747)
Decrease in fund balances	\$ (2,712,377)	\$ (1,107,547)

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, 2004, with comparative figures for 2003

	2004	2003
Operations:		
Net expenditures	\$(2,957,382)	\$ (793,800)
Uses:		
Increase in taxes receivable	(295,497)	-
Increase in water and sewer billings receivable	(263,977)	(19,039)
Increase in accounts receivable	-	(87,917)
Increase in other current assets	-	(18,000)
Decrease in temporary loans	(983,990)	-
Decrease in deferred revenue – obligatory reserve funds	-	(16,590)
	<u>(1,543,464)</u>	<u>(141,546)</u>
Sources:		
Decrease in taxes receivable	-	178,513
Decrease in accounts receivable	22,747	-
Decrease in other current assets	6,000	-
Increase in deferred revenue – obligatory reserve funds	11,579	-
Increase in temporary loans	-	983,990
Increase in accounts payable and accrued liabilities	348,613	104,660
Increase in landfill site closure and post-closure liabilities	40,810	40,810
	<u>429,749</u>	<u>1,307,973</u>
Net change in cash from operations	<u>(4,071,097)</u>	<u>372,627</u>
Investing:		
Decrease in investments	3,107,367	1,036,084
Increase (decrease) in pro-rata share of South Renfrew Municipal Airport Commission	(677)	400
Net change in cash from investing	<u>3,106,690</u>	<u>1,036,484</u>
Financing:		
Debt incurred	1,545,000	-
Debt principal repayments	(1,337,973)	(374,043)
Net change in cash from financing	<u>207,027</u>	<u>(374,043)</u>
Increase (decrease) in cash and cash equivalents	<u>(757,380)</u>	<u>1,035,068</u>
Cash and cash equivalents, beginning of year	1,776,971	741,903
Cash and cash equivalents, end of year	<u>\$ 1,019,591</u>	<u>\$ 1,776,971</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, 2004

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

South Renfrew Municipal Airport Commission (proportionately consolidated)

Downtown Arnprior Business Improvement Area Association

(ii) Proportionate consolidation:

The South Renfrew Municipal Airport Commission is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Town's pro-rata share of each of the assets, liabilities, revenues and expenditures is combined on a line-by-line basis in the financial statements. In 2004, the Town's pro-rata share was at 54.3% (2003 – 56.2%). The change in pro rata share amount on the Consolidated Statement of Financial Activities represents the lower net assets accruing to the Town because of the decrease in their pro rata share percentage in 2004.

(iii) 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.

(iv) 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, 2004

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, 2004

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.

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	2004	2003
Taxation and user charges	\$ 2,830,928	\$ 2,743,722
Amount transferred to school boards	\$ 2,830,928	\$ 2,743,722
County of Renfrew	2004	2003
Taxation and user charges	\$ 2,495,131	\$ 2,208,634
Payments in lieu	33,469	35,282
Amount transferred to County of Renfrew	\$ 2,528,600	\$ 2,243,916

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

3. Trust funds:

Trust funds administered by the Town amounting to \$517,252 (2003 - \$502,173) 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 2004 was \$102,618 (2003 - \$33,347).

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:

	2004	2003
Vacation pay	\$ 56,000	\$ 56,000
Amounts to be recovered from future revenues	\$ 56,000	\$ 56,000

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	2005 to 2009	2009 to 2024	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	\$ 2,547,330	\$ 1,158,750	\$ 3,706,080

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

6. Net long-term liabilities (continued):

(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:

	2004	2003
Principal payments	\$ 1,337,973	\$ 374,043
Interest	279,150	306,023
	<u>\$ 1,617,123</u>	<u>\$ 680,066</u>

(d) Temporary loan:

The temporary loan, in the amount of \$Nil (2003 - \$983,990), reported in the Consolidated Statement of Financial Position, is an advance received by the Town from the Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA) on account of debentures issued by the Town subsequent to year end. The temporary loan bears interest at a rate of 2.79% per annum.

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

(a) The current fund balance on the Consolidated Statement of Financial Position of \$34,845 (2003 - \$161,159) at the end of the year is comprised of the following:

	2004	2003
To be applied to operations of the current fund for the following year	\$ 89,178	\$ 55,529
To be applied to (recovered from) the waterworks operations	(65,076)	18,560
To be recovered from the wastewater operations	(106,286)	—
To be applied to operations of the municipal cemetery	101,851	91,418
To be recovered from operations of the Downtown Arnprior Business Improvement Area Association	(7,346)	(5,018)
To be applied to operations of the Arnprior Public Library Board	—	527
To be applied to operations of the South Renfrew Municipal Airport Commission	22,524	143
	<u>\$ 34,845</u>	<u>\$ 161,159</u>

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

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

(b) The capital fund deficiency on the Consolidated Statement of Financial Position of \$4,502,445 (2003 - \$1,407,604) at the end of the year is comprised of the following:

	2004	2003
Unexpended capital financing	\$ 217,379	\$ 607,595
Capital expenditures to be financed from the proceeds of long-term liabilities	(435,569)	(1,318,931)
Capital expenditures to be financed from proceeds of development charges:		
Staye Court Drive Development Charge Project	(1,322,104)	-
Capital expenditures to be financed from proceeds of taxation or user charges:		
Jed Creek Estates Subdivision	(315,808)	(348,500)
Fire Vehicle	(200,680)	(243,000)
John Street North Reconstruction	(1,360,996)	-
Staye Court Drive Oversizing	(205,500)	-
Dry-O-Tron Replacement	(94,560)	-
Water Pollution Control Centre Design Refinancing	(91,000)	-
Elevated water Tank Refinancing	(531,800)	-
Pumping Stations and Forcemain	(144,130)	-
Other	(17,677)	(104,768)
	\$ (4,502,445)	\$ (1,407,604)

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). Principal was repaid in the amount of \$32,692 in 2004.

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 \$42,320 in 2004.

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).

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

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

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.

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).

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).

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).

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).

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).

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.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

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:

	2004	2003
Balance, beginning of year	\$ 207,934	\$ 224,524
Investment income	11,579	10,471
Transfers to capital fund	–	(27,061)
Balance, end of year	\$ 219,513	\$ 207,934
Analyzed as follows:		
Development charges	\$ 209,432	\$ 198,385
Cash in lieu of parkland	10,081	9,549
	\$ 219,513	\$ 207,934

9. Contingent liabilities:

(a) 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, 2004, 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.

(b) Ministry of Environment investigation:

The Town is currently under investigation by the Ministry of the Environment of Ontario relating to the Town's wastewater operations. Management has determined that the outcome of this investigation is not reasonably estimable, and no amount has been recorded in these financial statements. Any liability arising from this matter will be recorded in the year that the outcome is reasonably estimable.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

10. Supplementary information:

	2004	2003
Current fund expenditures by object:		
Salaries, wages and employee benefits	\$ 3,065,652	\$ 2,851,405
Long-term debt interest	279,150	306,023
Materials, services, rents and financial	4,791,799	4,468,251
Transfers to others	13,679	6,643
Total	\$ 8,150,280	\$ 7,632,322

11. Budget figures:

The Town of Arnprior reviews its operating and capital budgets annually. The approved operating and capital budgets for 2004 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.

	2004		2003	
	Cost	Market value	Cost	Market value
Bonds	\$ 1,897,800	\$ 2,002,177	\$ 4,922,000	\$ 5,248,770
Unamortized premium paid on bonds	11,750	-	94,917	-
	\$ 1,909,550	\$ 2,002,177	\$ 5,016,917	\$ 5,248,770

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.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

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

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 \$1,688,000. 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 43% (239,000 cubic meters) of its total estimated capacity and its estimated remaining life is 20 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, 2004 is an amount of \$673,380 (2003 - \$632,570) with respect to landfill closure and post-closure liabilities recognized to date.

The Town has reserve funds totaling \$581,363 (2003 - \$501,219) for the landfill site closure and post-closure care of the landfill site.

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Schedule of Current Fund Financial Activities

Year ended December 31, 2004, with comparative figures for 2003

	Budget 2004	Actual 2004	Actual 2003
	(unaudited, note 11)		
Revenues:			
Property taxation	\$ 5,163,022	\$ 5,202,600	\$ 5,030,323
Taxation from other governments	141,001	112,286	128,651
User charges	3,174,880	3,023,148	2,314,849
Province of Ontario	545,464	563,224	543,657
Grants from other municipalities	111,895	119,285	107,108
Investment income	41,725	36,544	41,895
Donations	6,300	24,147	23,042
Proceeds from sale of land and equipment	45,000	107,981	29,194
Other	140,900	217,652	143,940
Total revenues	9,370,187	9,406,867	8,362,659
Expenditures:			
General government	1,130,834	1,134,733	1,082,899
Protection to persons and property	2,087,223	1,980,201	1,766,207
Transportation services	1,086,868	1,030,500	1,004,101
Environmental services	1,942,916	1,928,957	1,852,001
Health services	77,750	63,888	56,759
Recreation and cultural services	1,880,949	1,926,285	1,800,404
Planning and development	75,248	85,716	69,951
Total expenditures (note 10)	8,281,788	8,150,280	7,632,322
Net revenues	1,088,399	1,256,587	730,337
Financing and transfers:			
Debt principal repayments	(688,173)	(1,337,973)	(374,043)
Change in non-financial assets		(2,155)	19,086
Net transfers to capital fund	(560,000)	329,306	(85,948)
Net transfers from (to) reserves and reserve funds	84,035	(372,075)	(147,521)
Change in pro-rata share of South Renfrew Municipal Airport Commission (note 1(a)(ii))	–	(4)	385
Net financing and transfers	(1,164,138)	(1,382,901)	(588,041)
Change in current fund balance	(75,739)	(126,314)	142,296
Opening current fund balance	161,159	161,159	18,863
Closing current fund balance	\$ 85,420	\$ 34,845	\$ 161,159

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Schedule of Capital Fund Financial Activities

Year ended December 31, 2004, with comparative figures for 2003

	Budget 2004	Actual 2004	Actual 2003
	(unaudited, note 11)		
Revenues:			
Government grants and transfer payments	\$ 340,029	\$ 53,839	\$ 4,500
Prepaid special charges	487,000	571,896	—
Transfer from deferred revenue - obligatory reserve fund (note 8)	—	—	27,061
Proceeds from sale of land	—	—	(20,720)
Donations	—	43,615	5,655
Total revenues	827,029	669,350	16,496
Expenditures:			
General government	20,000	49,581	36,280
Protection to persons and property	62,472	288,163	117,838
Transportation services	379,732	1,483,366	75,918
Environmental services	3,402,600	3,140,336	1,458,464
Recreational and cultural services	244,928	191,588	177,990
Planning and development	—	68,234	31
Total expenditures	4,109,732	5,221,268	1,866,521
Net expenditures	(3,282,703)	(4,551,918)	(1,850,025)
Financing and transfers:			
Long-term debt	—	1,545,000	—
Change in landfill site closure and post-closure liabilities	—	40,810	40,810
Net transfers from reserves and reserve funds	326,611	200,573	391,304
Net transfers from (to) current fund	—	(329,306)	85,948
Net financing and transfers	326,611	1,457,077	518,062
Change in capital fund balance (deficiency)	(2,956,092)	(3,094,841)	(1,331,963)
Opening capital fund balance (deficiency)	(1,407,604)	(1,407,604)	(75,641)
Closing capital fund balance (deficiency)	\$ (4,363,696)	\$ (4,502,445)	\$ (1,407,604)

As disclosed in note 7, the Capital Fund had internal borrowings, net of repayments, from the Arnprior Hydro Reserve Fund of \$3,675,078 (2003 - \$243,000) in 2004. Total internal financing at December 31, 2004 is \$4,266,578 (2003 - \$591,500).

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Investment income	\$ 337,949	\$ 325,888
Net transfers from (to) other funds:		
Net transfers from (to) current fund	372,075	147,521
Net transfers to capital fund	(200,573)	(391,304)
Change in pro-rata share of South Renfrew Municipal Airport Commission (note 1(a)(ii))	(673)	15
Total net transfers	170,829	(243,768)
Change in reserves and reserve fund balances	508,778	82,120
Opening reserves and reserve fund balance	7,848,892	7,766,772
Closing reserves and reserve fund balance	\$ 8,357,670	\$ 7,848,892
Analyzed as follows:		
Reserves set aside for specific purposes by Council:		
Working capital	\$ 418,080	\$ 412,314
Acquisition of capital assets	740,578	216,170
Recreational and cultural facilities	69,583	65,286
Other	87,632	300,979
Total reserves	1,315,873	994,749
Reserve funds set aside for specific purposes by Council:		
Recreational and cultural facilities	124	23,571
Landfill site closure and post-closure care	581,363	501,219
Capital expenditure – Arnprior Hydro Reserve Fund	6,460,310	6,329,353
Total reserve funds	7,041,797	6,854,143
Total reserves and reserve funds	\$ 8,357,670	\$ 7,848,892

As disclosed in note 7, the Capital Fund had internal borrowings, net of repayments, from the Arnprior Hydro Reserve Fund of \$3,675,078 (2003 - \$243,000) in 2004. Total internal financing at December 31, 2004 is \$4,266,578 (2003 - \$591,500).

Financial Statements of

**TOWN OF ARNPRIOR – TRUST
FUNDS**

Year ended December 31, 2004



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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, 2004 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, 2004 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

Ottawa, Canada
July 28, 2005

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds

Statements of Financial Position

December 31, 2004, with comparative figures for 2003

Name of Funds	Care and maintenance	Neilson trust	O.H.R.P	Total 2004	Total 2003
Assets					
Cash	\$ 28	\$ 32	\$ 2,573	\$ 2,633	\$ 2,680
Investment in bonds at cost:					
Canada	200	—	—	200	200
Provincial	145,000	—	—	145,000	145,000
Municipal and other corporate	47,682	—	—	47,682	47,682
Guaranteed investment certificates and term deposits	199,122	52,000	—	251,122	251,122
Accrued interest receivable	94,132	—	—	94,132	76,995
	486,136	52,000	—	538,136	520,999
Other:					
Due from Town of Arnprior (note 4)	68,705	—	—	68,705	53,579
Due from revenue fund	—	—	994	994	994
Loans receivable (note 2)	—	—	916	916	916
	68,705	—	1,910	70,615	55,489
	\$ 554,869	\$ 52,032	\$ 4,483	\$ 611,384	\$ 579,168

Liabilities and Fund Balance

Due to Arnprior Municipal Cemetery	\$ 94,132	\$ —	\$ —	\$ 94,132	\$ 76,995
Fund balance	460,737	52,032	4,483	517,252	502,173
	\$ 554,869	\$ 52,032	\$ 4,483	\$ 611,384	\$ 579,168

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, 2004, with comparative figures for 2003

	Care and maintenance	Neilson trust	O.H.R.P	Total 2004	Total 2003
Fund balance, beginning of year	\$ 445,611	\$ 52,032	\$ 4,530	\$ 502,173	\$ 487,304
Capital receipts:					
Care and maintenance	15,126	—	—	15,126	14,853
Revenue:					
Investment income	19,474	2,184	—	21,658	22,134
Loan interest	—	—	—	—	63
	<u>19,474</u>	<u>2,184</u>	<u>—</u>	<u>21,658</u>	<u>22,197</u>
Expenditures:					
Cemetery maintenance	19,474	2,184	—	21,658	22,134
Administration fee	—	—	47	47	47
	<u>19,474</u>	<u>2,184</u>	<u>47</u>	<u>21,705</u>	<u>22,181</u>
Fund balance, end of year	\$ 460,737	\$ 52,032	\$ 4,483	\$ 517,252	\$ 502,173

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, 2004

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, 2004 are comprised of repayable loans of \$916 (2003 - \$916). 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 \$538,136 (2003 - \$520,999) reported on the Statements of Financial Position at cost, have a market value of \$534,931 (2003 - \$523,237) 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 \$1,237 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, 2004



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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, 2004 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, 2004 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

Ottawa, Canada
July 28, 2005

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Financial assets:		
Cash and cash equivalents	\$ 27,895	\$ 29,348
Liabilities		
Accounts payable	1,500	1,500
Due to the Corporation of the Town of Arnprior	4,824	3,949
	6,324	5,449
Net financial assets	\$ 21,571	\$ 23,899
Municipal position:		
Current fund deficit	\$ (7,346)	\$ (5,018)
Reserves:		
Reserve for working capital	10,965	10,965
Reserve for street improvements	17,952	17,952
	28,917	28,917
Total municipal position	\$ 21,571	\$ 23,899

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 Deficit

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Revenues:		
Interest	\$ 241	\$ 304
Postcard sales	-	70
	241	374
Expenditures:		
Services	1,000	1,186
Materials and supplies	1,517	917
Financial	52	30
	2,569	2,133
Net expenditures	(2,328)	(1,759)
Opening current fund deficit	(5,018)	(3,259)
Closing current fund deficit	\$ (7,346)	\$ (5,018)

See accompanying notes to the financial statements.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2004

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 of

**ARNPRIOR PUBLIC LIBRARY
BOARD**

Year ended December 31, 2004



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AUDITORS' REPORT

We have audited the statement of financial position of the Arnprior Public Library Board as at December 31, 2004 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, 2004 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

Ottawa, Canada
July 28, 2005

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Financial assets:		
Cash	\$ 39,591	\$ 37,535
Investments	36,500	36,500
	<u>76,091</u>	<u>74,035</u>
Liabilities:		
Accounts payable	7,883	6,361
Due to the Town of Arnprior	8,626	12,848
	<u>16,509</u>	<u>19,209</u>
Total net financial assets	\$ 59,582	\$ 54,826
Municipal position:		
Current fund	\$ – \$ 527	
Reserves:		
Reserve Norma Hall bequest	20,949	20,949
Reserve D. Macklem	5,000	5,000
Reserve Newmann bequest	10,000	10,000
Reserve for programs	1,125	1,125
Reserve for future development	13,551	12,519
Reserve for books	8,957	4,706
	<u>59,582</u>	<u>54,299</u>
Total municipal position	\$ 59,582	\$ 54,826

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, 2004, with comparative figures for 2003

	Budget (Unaudited)	2004	2003
Revenues:			
Grants - Town of Arnprior	\$ 168,247	\$ 168,247	\$ 158,654
- Ontario	15,464	19,516	15,464
- Darling	700	700	700
Fees, fines and book sales	27,600	43,528	47,821
Investment income	3,225	3,682	3,797
Donations	4,000	7,507	6,107
Total revenues	219,236	243,180	232,543
Expenditures:			
Current:			
Salaries	167,813	168,227	161,715
Books and records	34,800	40,196	39,470
Office supplies	5,300	4,770	4,408
Miscellaneous	4,325	4,359	5,244
Copier lease	2,600	2,271	2,574
Professional fees	875	875	875
Insurance	800	800	800
Fundraising	-	6,133	6,529
Telephone	2,000	2,240	1,990
Automation	3,000	7,470	6,594
Equipment maintenance	500	435	84
Total current expenditures	222,013	237,776	230,283
Capital:			
Capital	-	648	1,480
Total capital expenditures	-	648	1,480
Net revenues (expenditures)	(2,777)	4,756	780
Financing transfers:			
Transfers to reserves (note 3)	-	(7,533)	(6,956)
Contribution from reserves (note 3)	2,250	2,250	2,700
	2,250	(5,283)	(4,256)
Change in current fund balance	(527)	(527)	(3,476)
Opening current fund balance	527	527	4,003
Closing current fund balance	\$ -	\$ -	\$ 527

See accompanying notes to the financial statements.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2004

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.

2. Budget figures:

The Arnprior Public Library reviews its operating budget annually. The approved operating budget for 2004 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 PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2004

3. Reserves:

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

The reserve D. Madden 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 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.

During the year, the Board transferred \$Nil (2003 - \$250) to the reserve for programs, \$3,282 (2003 - \$2,000) to the reserve for future development and \$4,252 (2003 - \$4,706) to the reserve for books from the current fund. During the year, the Board transferred \$2,250 (2003 - \$2,000) from the reserve for future development and \$Nil (2003 - \$700) from the reserve for programs to the current fund.

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

**ARNPRIOR MUNICIPAL
CEMETERY**

Year ended December 31, 2004



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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, 2004 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, 2004 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

Ottawa, Canada
July 28, 2005

ARNPRIOR MUNICIPAL CEMETERY

Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Financial assets:		
Due from Town of Arnprior - current fund	\$ 23,199	\$ 31,740
Due from Town of Arnprior - care and maintenance trust fund	94,132	76,995
	<u>117,331</u>	<u>108,735</u>
Liabilities:		
Accounts payable	2,270	1,700
Deferred revenue	13,210	15,615
	<u>15,480</u>	<u>17,315</u>
Net financial assets	\$ 101,851	\$ 91,420
Municipal position:		
Current fund	\$ 101,851	\$ 91,420

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, 2004, with comparative figures for 2003

	Budget 2004	Actual 2004	Actual 2003
	(Unaudited, note 3)		
Revenue:			
Care and maintenance	\$ 23,500	\$ 21,659	\$ 22,135
Burial charges	35,300	35,670	34,155
Plots	18,900	16,990	17,111
	<u>77,700</u>	<u>74,319</u>	<u>73,401</u>
Expenditures:			
Salaries	48,100	36,099	35,200
Services	21,600	19,953	11,627
Materials, supplies and utilities	6,000	7,836	9,932
Capital purchases	2,000	—	—
	<u>77,700</u>	<u>63,888</u>	<u>56,759</u>
Net revenue	—	10,431	16,642
Opening current fund balance	91,420	91,420	74,778
Closing current fund balance	<u>\$ 91,420</u>	<u>\$ 101,851</u>	<u>\$ 91,420</u>

See accompanying notes to the financial statements.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements

Year ended December 31, 2004

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 \$517,252 (2003 - \$502,173) 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 2004 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, 2004

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

**SOUTH RENFREW MUNICIPAL
AIRPORT COMMISSION**

Year ended December 31, 2004



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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of South Renfrew Municipal Airport Commission as at December 31, 2004 and the statements of financial activities and fund balance – operating fund, financial activities and fund balance – development fund, reserves and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission'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 Commission as at December 31, 2004 and the results of its financial activities and its changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Ottawa, Canada

March 31, 2005

SOUTH RENFREW MUNICIPAL AIRPORT COMMISSION

Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Net Assets		
Operating fund:		
Financial assets:		
Cash	\$ 16,739	\$ 18,297
Accounts receivable	4,701	5,809
Prepaid expenses	2,406	926
	23,846	25,032
Liabilities:		
Accounts payable	3,631	5,432
Due to development fund	960	1,977
	4,591	7,409
Net financial assets	19,255	17,623
Inventory	16,254	14,877
	35,509	32,500
Development fund:		
Financial assets:		
Cash	13,122	5,802
Accounts receivable	6,532	11,449
Due from operating fund	960	1,977
Loan receivable (note 3)	20,000	–
	40,614	19,228
Liabilities:		
Accounts payable	458	12,400
Customer deposits	–	2,430
	458	14,830
Net financial assets	40,156	4,398
Total net assets	\$ 75,665	\$ 36,898

Municipal Position

Operating fund	\$ 1,302	\$ (4,143)
Development fund	40,156	4,398
Reserves for crack filling (note 5)	2,300	–
Reserves for working funds (note 5)	12,748	12,748
Reserves for future capital expenditures (note 5)	19,159	23,895
Total municipal position	\$ 75,665	\$ 36,898

Commitments (note 6)

See accompanying notes to financial statements.

SOUTH RENFREW MUNICIPAL AIRPORT COMMISSION

Operating Fund
Statement of Financial Activities and Fund Balance (Deficiency)

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget (unaudited)	2004 Actual	2003 Actual
Revenues:			
Fuel sales	\$ 55,700	\$ 116,324	\$ 85,796
Municipal operating levies	48,056	48,056	56,391
Leases and rentals	8,094	12,548	13,136
Other	11,505	11,633	12,183
	123,355	188,561	167,506
Expenditures:			
Current:			
Fuel	41,200	99,237	68,251
Wages	39,680	42,018	41,639
Office	3,400	4,026	5,637
Maintenance and repairs	23,675	25,268	32,287
Insurance	8,500	8,146	9,527
Audit and legal	3,100	2,750	2,480
Miscellaneous	1,100	1,361	2,197
Advertising and promotion	200	178	249
Total current expenditures	120,855	182,984	162,267
Capital	1,000	2,568	9,382
Total expenditures	121,855	185,552	171,649
Net revenues (expenditures)	1,500	3,009	(4,143)
Transfers (to) from reserves (note 5):			
Reserves for crack filling	–	(2,300)	–
Reserves for future capital expenditures	(1,500)	4,736	(22,395)
Reserves for working funds	–	–	(12,748)
	(1,500)	2,436	(35,143)
Change in operating fund balance (deficiency)	–	5,445	(39,286)
Opening fund balance (deficiency)	(4,143)	(4,143)	35,143
Closing fund balance (deficiency)	\$ (4,143)	\$ 1,302	\$ (4,143)

See accompanying notes to financial statements.

SOUTH RENFREW MUNICIPAL AIRPORT COMMISSION

Development Fund
Statement of Financial Activities and Fund Balance

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Revenues:		
Sale of lots	\$ 119,351	\$ 46,635
Capital expenditures:		
Paving	54,213	22,450
Contract labour	10,695	5,919
Professional fees	10,457	8,656
Development charges	7,598	–
Office	630	1,825
Surveying	–	3,450
	83,593	42,300
Net revenues	35,758	4,335
Opening fund balance	4,398	63
Closing fund balance	\$ 40,156	\$ 4,398

See accompanying notes to financial statements.

SOUTH RENFREW MUNICIPAL AIRPORT COMMISSION

Statement of Reserves

Year ended December 31, 2004

		Crack filling	Working Funds	Future Capital Expenditures	2004 Total	2003 Total
Opening fund balance	\$	–	\$ 12,748	\$ 23,895	\$ 36,643	\$ –
Transfers from operating fund		2,300	–	1,975	4,275	36,643
Transfers to operating fund:						
Prior year operating fund deficiency		–	–	(4,143)	(4,143)	–
Capital expenditures		–	–	(2,568)	(2,568)	–
Balance, end of year	\$	2,300	\$ 12,748	\$ 19,159	\$ 34,207	\$ 36,643

See accompanying notes to financial statements.

SOUTH RENFREW MUNICIPAL AIRPORT COMMISSION

Statement of Changes in Financial Position

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Cash provided by (used in):		
Operations:		
Net revenues (expenditures):		
Operating fund	\$ 3,009	\$ (4,143)
Development fund	35,758	4,335
	38,767	192
Uses:		
Increase in accounts receivable	-	(9,285)
Increase in prepaid expenses	(1,480)	(926)
Increase in inventory	(1,377)	(1,435)
Decrease in accounts payable	(13,743)	-
Decrease in customer deposits	(2,430)	-
Decrease in due to development fund	(1,017)	(1,279)
Increase in due from operating fund	-	(1,977)
Increase in loan receivable	(20,000)	-
	(40,047)	(14,902)
Sources:		
Decrease in due from operating fund	1,017	-
Decrease in accounts receivable	6,025	-
Increase in accounts payable	-	14,097
Increase in customer deposits	-	930
Decrease in due from development fund	-	1,279
Increase in due to development fund	-	1,977
	7,042	18,283
Increase in cash	5,762	3,573
Cash, beginning of year	24,099	20,526
Cash, end of year	\$ 29,861	\$ 24,099
Comprised of:		
Operating fund	\$ 16,739	\$ 18,297
Development fund	13,122	5,802
	\$ 29,861	\$ 24,099

See accompanying notes to financial statements.

SOUTH RENFREW MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2004

1. Significant accounting policies:

These financial statements of the South Renfrew Municipal Airport Commission (the "Commission") are the responsibility of management prepared in accordance with Canadian generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects accounting policies adopted by the Commission are as follows:

(a) Revenues:

Municipal operating levies are recorded in the period to which the levies relate.

Sales, leases, rentals and other revenue are recognized in the period that the service is provided or the good is supplied.

(b) Inventory:

Inventory consists of airplane fuel and oil and is recorded at the lower of cost or net recoverable value.

(c) 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 Statement of Financial Activities and Fund Balance in the year of acquisition.

(d) 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 they become known.

2. Development fund:

This fund was established in 2001 for the capital development of the Commission and airport, including the sale of private hangar lots and commercial properties.

SOUTH RENFREW MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2004

3. Loan receivable:

The loan receivable relates to a lot sold by the Commission during the year. The loan receivable is non-interest bearing with monthly principal payments of \$1,250. The principal repayable for 2005 is \$15,000 and 2006 is \$5,000.

4. Budget figures:

The Commission reviews its operating fund budget annually. The approved operating budget for 2004 is reflected on the Statement of Financial Activities and Fund Balance of the operating fund. Budget figures have not been audited and are presented for information purposes.

5. Reserves:

- (a) The reserve for crack filling was established by the Commission in order to fund future runway crack filling expenditures.
- (b) The reserve for working funds was established by the Commission in order to fund the Commission's inventory.
- (c) The reserve for future capital expenditures was originally established to hold funds received through a prior year grant from Transport Canada. The reserve is intended to be used to finance capital expenditures in future years.

6. Commitments:

The Commission has an agreement for snow removal services for three years ending April 30, 2007. On a fiscal year basis, the Commission has commitments under this agreement of approximately: 2005 - \$12,000; 2006 - \$18,000; and 2007 - \$18,000.

7. Comparative Figures:

Certain 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.