

**FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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**Town of Gananoque
Financial Statements
December 31, 2009**

Town of Gananoque
Five Year Financial Review
(not subject to audit)

December 31	2009	2008	2007	2006	2005
Population (Statistics Canada)	4,702	4,702	4,702	4,702	4,793
Number of Households (MPAC)	2,488	2,478	2,476	2,470	2,458
Taxable Assessment	\$	\$	\$	\$	\$
Residential and farm	336,107	311,569	307,406	304,843	259,085
Commercial and industrial	70,173	70,350	69,104	66,624	63,971
Total	406,280	381,919	376,510	371,467	323,056
Commercial, industrial as % of assessment	17.3%	18.4%	18.4%	17.9%	19.8%
Rates of Taxation					
Residential					
▶ for general municipal purposes	1.183500	1.177170	1.076710	1.026316	1.080333
▶ for school board purposes	0.252000	0.264000	0.264000	0.264000	0.296000
Total	1.435500	1.441170	1.340710	1.290316	1.376333
Multi-Residential	2.249840	2.237800	2.046825	1.951026	2.472773
Commercial	2.343340	2.330797	2.131885	2.050096	2.213562
Industrial	3.112620	3.732730	3.566351	3.478460	3.755817
Tax Arrears					
▶ per capita	298.87	437.37	343.62	323.68	236.86
▶ percentage of current levy	17.4%	26.1%	21.9%	25.4%	16.5%
Taxes Transferred					
▶ School Boards	2,326	2,396	2,373	2,341	2,322
Revenues					
	\$	\$	\$	\$	\$
▶ Taxation and payments in lieu	5,962	5,713	5,223	4,969	4,770
▶ Government transfers	1,921	1,379	3,167	2,428	1,279
▶ Fees and service charges	3,087	3,057	2,461	2,226	2,164
▶ Other	2,418	2,336	2,285	2,406	2,758
▶ Revenues related to capital assets	2,985	2,924	---	---	---
Total	16,373	15,409	13,136	12,029	10,971
Expenditures					
▶ Operations	12,642	12,465	12,950	13,779	11,894
▶ Long term debt charges	351	400	416	258	121
▶ interest	456	377	292	289	240
▶ principal	2,148	1,988	---	---	---
▶ Amortization	2,148	1,988	---	---	---
Net Long Term Debt	7,947	8,402	7,279	6,971	4,860
Accumulated Surplus					
▶ Unrestricted	433	85	86	38	512
▶ Unfinanced Capital Projects	168	410	261	(1,589)	(3,231)
▶ Unfunded Future Employee Benefits	(411)	(436)	(500)	(459)	(447)
▶ Reserves	2,543	1,821	1,196	2,185	3,187
▶ Reserve Funds	1,205	572	544	1,333	1,385
▶ Invested in capital assets	37,491	35,243	---	---	---

(Note: All dollar amounts are in thousands of dollars, except per capita figures.)

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Chartered Accountant Professional Corporation

TOWN OF GANANOQUE

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Gananoque:

We have audited the consolidated statement of financial position of the Corporation of the Town of Gananoque as at December 31, 2009 and the consolidated statement of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation of the Town of Gananoque's management. 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 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



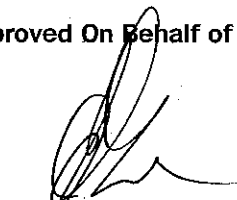
Chartered Accountants
Licenced Public Accountants

Perth, Ontario,
May 10, 2010.

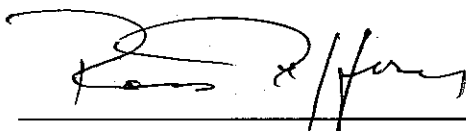
Town of Gananoque
Consolidated Statement of Financial Position

December 31	2009	(Note 19) 2008
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	2,754,364	3,716,385
Taxes receivable (net of allowance of \$160,000)	1,245,282	1,974,494
User charges receivable (net of allowance \$47,461)	372,837	419,483
Accounts receivable (net of allowance \$185,584)	2,052,573	1,254,713
Mortgage receivable (note 6)	128,400	149,800
	6,553,456	7,514,875
LIABILITIES		
Accounts payable and accrued liabilities	1,201,331	2,177,729
Other current liabilities	140,257	45,420
Employee future benefit obligations (note 7)	411,285	435,625
Deferred revenues (note 8)	877,854	2,416,349
Debt (note 9)	7,946,592	8,402,205
	10,577,319	13,477,328
NET FINANCIAL ASSETS (LIABILITIES)	(4,023,863)	(5,962,453)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 16)	45,437,627	43,645,704
Inventories	14,757	13,697
	45,452,384	43,659,401
ACCUMULATED SURPLUS (note 10)	41,428,521	37,696,948
Commitments (note 14) Contingent Liabilities (note 13)		

Approved On Behalf of Council:



Mayor



Finance Chair

Town of Gananoque

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 18) Budget	2009	(Note 19) 2008
	\$	\$	\$
REVENUES			
Taxation ▶ residential	4,069,275	4,068,994	3,797,232
▶ commercial and industrial	1,673,708	1,678,889	1,694,482
▶ other governments	221,800	213,850	220,768
User charges ▶ environmental	2,187,034	2,165,608	2,174,734
▶ transportation	84,050	65,959	67,481
▶ recreation and culture	814,104	803,015	755,941
▶ other	18,040	52,838	58,382
Government transfers	1,855,417	1,921,089	1,379,797
Investment income	51,500	49,199	73,642
Penalties and interest on taxes	235,000	260,469	241,790
Licenses and permits	43,675	70,983	45,183
Provincial offenses	66,439	53,113	70,958
Casino revenues	1,600,000	1,683,142	1,714,750
Other	183,432	301,308	190,047
TOTAL REVENUES	13,103,474	13,388,456	12,485,187
EXPENDITURES			
Current operations			
General government	1,268,996	1,290,093	1,288,281
Protection to persons and property	3,488,270	3,576,840	3,496,081
Transportation services	2,218,888	2,084,269	1,997,573
Environmental services	2,443,526	2,196,816	2,281,813
Health services	463,919	456,070	405,501
Social and family services	925,415	931,650	955,772
Recreation and cultural services	1,870,502	1,711,164	1,727,779
Planning and development	414,385	395,464	312,737
TOTAL EXPENDITURES	13,093,901	12,642,366	12,465,537
NET REVENUES (EXPENDITURES) FROM OPERATIONS	9,573	746,090	19,650
OTHER			
Grants and transfers related to capital			
Deferred revenues earned (note 8)	295,067	1,947,463	1,633,132
Government transfers	2,116,452	1,005,886	1,182,562
Other	22,000	32,134	108,788
	2,433,519	2,985,483	2,924,482
ANNUAL SURPLUS (DEFICIT)	2,443,092	3,731,573	2,944,132
ACCUMULATED SURPLUS, BEGINNING OF YEAR	37,696,948	37,696,948	34,752,816
ACCUMULATED SURPLUS, END OF YEAR	40,140,040	41,428,521	37,696,948

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

Town of Gananoque
Consolidated Statement of Cash Flow

For the year ended December 31	2009	(Note 19) 2008
	\$	\$
OPERATING		
Annual surplus (deficit) for the year	3,731,573	2,944,132
Non cash changes ▶ amortization	2,147,295	1,987,857
	5,878,868	4,931,989
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	729,212	(440,827)
User charges receivable	46,646	(91,414)
Accounts receivable	(797,860)	(129,746)
Accounts payable and accrued liabilities	(976,398)	1,386,780
Other current liabilities	94,837	10,307
Employee future benefit obligations	(24,340)	(64,047)
Deferred revenues	(1,538,495)	451,450
Inventories	(1,060)	(13,697)
	(2,467,458)	1,108,806
Working Capital from Operations	3,411,410	6,040,795
CAPITAL		
Acquisition of tangible capital assets	(3,947,718)	(3,223,579)
Disposal of tangible capital assets	8,500	---
Net investment in tangible capital assets	(3,939,218)	(3,223,579)
INVESTING ACTIVITIES		
Decrease in mortgage receivable	21,400	21,400
Net decrease (increase) in cash from investing activities	21,400	21,400
FINANCING		
Debt issued for Town purposes	---	1,500,000
Debt principal repayments	(455,613)	(376,813)
Net increase (decrease) in cash from financing activities	(455,613)	1,123,187
NET INCREASE (DECREASE) IN CASH	(962,021)	3,961,803
CASH, BEGINNING OF YEAR	3,716,385	(245,418)
CASH, END OF YEAR	2,754,364	3,716,385

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

Town of Gananoque
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 18) Budget	2009	(Note 19) 2008
	\$	\$	\$
ANNUAL SURPLUS (DEFICIT)	2,443,092	3,731,573	2,944,132
Amortization of tangible capital assets	2,147,295	2,147,295	1,987,857
Acquisition of tangible capital assets	(3,953,267)	(3,947,718)	(3,223,579)
Disposal of tangible capital assets	---	8,500	---
Acquisition of supplies inventories	---	(1,060)	(13,697)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	637,120	1,938,590	1,694,713
NET FINANCIAL ASSETS, BEGINNING OF YEAR	(5,962,453)	(5,962,453)	(7,657,166)
NET FINANCIAL ASSETS, END OF YEAR	(5,325,333)	(4,023,863)	(5,962,453)

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

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2009

1. Status of the Town of Gananoque

The Town of Gananoque (the 'Town') was incorporated in 1890. The Town operates as a single tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

2. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Town of Gananoque are the representations of management prepared 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. The consolidated statement of financial position reports net financial assets (liabilities) and non-financial assets. Net financial assets (liabilities) represent the financial position of the Town and is the difference between financial assets and liabilities. This information explains the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

Effective January 1, 2009, the Town changed its accounting and financial reporting to conform to the revised guidelines in the Public Sector Accounting Handbook on financial reporting presentation (Section PS 1200) and tangible capital accounts (PS 3150). Current year data is presented on the new basis. Prior year data has been restated on the same basis wherever possible, to be comparable with the current year data. The most significant change is the reporting on tangible capital assets for the first time, and the inclusion of the Consolidated Statement of Change in Net Financial Assets:

(a) Basis of Consolidation

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Town. 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:
 - ▶ Public Library Board
 - ▶ Business Improvement Area Committee
 - ▶ Police Commission
- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements.
- (iii) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and / or the creation of a legal obligation to pay.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

2. Significant Accounting Policies / continued

(a) Basis of Consolidation / continued

(iv) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(b) Tangible Capital Assets

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

Land	
Buildings	40 years
Equipment	5 to 15 years
Vehicles	5 to 15 years
Linear Assets	
Roads	40 years
Bridges	40 years
Sidewalks	20 years
Traffic Lights	15 years
Street Lights	15 years
Sewer Lines and Storm Lines	40 years
Water Lines	40 years
Construction in Progress	

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$5,000 for vehicles and equipment and \$50,000 for linear assets and buildings so that individual capital assets of lesser value are expensed.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

(c) Leases

Leases are classified as capital or operations leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(d) Inventories and Prepaid Expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

2. Significant Accounting Policies / continued

(e) Pension and Employee Benefits

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Town's policy.

(f) Cash and Cash Equivalents

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

(g) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which 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) Deferred Revenues

The Town defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, and infrastructure funding are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

(i) Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

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

(j) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Town has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

2. Significant Accounting Policies / continued

(j) Financial Instruments / continued

Loans and receivables, held-to-maturity, financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Town classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

(k) 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.

3. Adoption of Accounting Policy and Prior Period Adjustments

During the year the Town adopted PSAB sections 1200 and 3150. The adoption of these accounting and reporting standards has been applied retroactively and prior periods have been restated as follows:

	2009	2008
	\$	\$
Accumulated Surplus, January 1		
As previously reported	(3,546,104)	(5,692,267)
Adjustment for net book value of tangible capital assets	43,645,704	42,409,982
Adjustment for deferred revenue ▶ Federal Gas Tax Funding	(285,607)	(114,418)
Adjustment for deferred revenue ▶ Infrastructure Funding	(2,130,742)	(1,850,481)
Adjustment for inventory of non financial assets	13,697	---
	37,696,948	34,752,816
Opening Accumulated Surplus, As Restated		
		2008
		\$
Annual Surplus for 2008		
Net revenues as previously reported		2,146,163
Tangible capital assets capitalized but previously expensed		3,223,579
Amortization expense not previously recorded		(1,987,857)
Federal gas tax funding previously recorded as revenue		(171,189)
Infrastructure funding previously recorded as revenue		(280,261)
Inventory previously expensed		13,697
		2,944,132

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

3. Adoption of Accounting Policy and Prior Period Adjustments / continued

	2008
	\$
Tangible Capital Assets, December 31, 2008	
As previously reported	---
Tangible capital assets expensed	78,059,476
Accumulated amortization expense	(34,413,772)
	43,645,704
Tangible Capital Assets, As Restated	

4. Operations of the School Boards

During 2009, the Town collected and made property tax transfers including payments in lieu of property taxes, to the School Boards as follows:

	2009	2008
	\$	\$
Property taxes	2,326,468	2,396,376
Amounts requisitioned and paid	2,326,468	2,396,376

5. Bank Indebtedness

The Town's financial agreement with its bank provides for an operating credit facility of up to \$2,100,000 to finance expenses, pending receipt of property taxes and other income. Interest on fund drawn is charged at the Bank of Montreal's prime rate. As at December 31, 2009, there was \$Nil (2008 \$Nil) drawn on the facility.

6. Mortgage Receivable

	2009	2008
	\$	\$
United County of Leeds and Grenville, bearing interest at the rate (prime + 1%), with annual principal payments to begin on December 1, 2007 of \$21,400.	128,400	149,800

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

7. Employee Future Benefit Obligations

The Town provides a sick leave benefit plan to its employees. Unused sick leave can be accumulated and employees may become entitled to a cash payment when they leave the Town's employment.

The liabilities for these accumulated days, to the extent they were vested and could be taken in cash by an employee on termination is \$411,285 (2008 \$435,625). An amount of \$44,531 was paid out in 2009 (2008 \$94,506). Payout to employees eligible to retire in the next five years approximates \$103,846. A reserve of \$85,278 (2008 \$75,278) has been established.

8. Deferred Revenues

A requirement of 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 Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The transactions for the year are summarized below:

	Federal Gas Tax	Infrastructure Funding	Total
	\$	\$	\$
January 1, 2009	285,607	2,130,742	2,416,349
Contributions from developers	---	4,430	4,430
Interest	1,746	---	1,746
Government grants	302,792	100,000	402,792
Transfer to capital acquisitions	---	(1,947,463)	(1,947,463)
December 31, 2009	590,145	287,709	877,854

9. Debt

(a) The balance of debt reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2009	2008
	\$	\$
Fixed rate bank loans with maturity dates between 2011 and 2016 and interest rates between 4.960% and 7.500%	3,796,465	4,054,449
Ontario Infrastructure Projects Corporation with maturity dates between 2023 and 2047 and interest rates between 2.840% and 5.606%.	3,594,350	3,711,647

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

9. Debt / continued

- (a) The balance of debt reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2009	2008
	\$	\$
Capital lease obligations with MFA Leasing Corporation with maturity dates between 2012 and 2018 and interest rates between 2.500% and 5.000%.	555,777	636,109
Net long term liabilities at the end of the year	7,946,592	8,402,205

- (b) Principal payments fall due as follows:

	General Revenues
	\$
2010	464,018
2011	458,126
2012	399,498
2013	307,621
2014	321,076
2015 to 2019	3,904,945
2020 and thereafter	2,091,308
	7,946,592

- (c) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Interest expense on long term liabilities in 2009 amounted to \$350,923 (2008 \$399,530).

10. Accumulated Surplus

Accumulated surplus consists of:

	2009	2008
	\$	\$
Surplus		
Invested in tangible capital assets	45,437,627	43,645,704
Less: debt	(7,946,592)	(8,402,205)
	37,491,035	35,243,499

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

10. Accumulated Surplus / continued

Accumulated surplus consists of:

	2009	2008
	\$	\$
Unrestricted surplus	432,657	85,336
Unexpended Capital Financing		
Road construction	---	40,363
Water and sewer projects	138,975	240,040
Recreation facilities	993	75,385
Economic development	28,170	54,320
	168,138	410,108
Unfunded Future Employee Benefits	(411,285)	(435,625)
Reserves (Schedule 1)	2,542,594	1,821,293
Reserve Funds (Schedule 1)	1,205,382	572,337
	41,428,521	37,696,948

11. Pension Contributions

The Town contributed to OMERS an amount of \$240,776 (2008 \$237,272) on behalf of its employees for current service. Contributions by employees were a similar amount. The Town's contributions are included on the Consolidated Statement of Operations and Accumulated Surplus classified under the appropriate functional expenditure headings.

12. Provincial Offences Administration (POA)

The United Counties of Leeds and Grenville has assumed the administration of the Provincial Offences office for all County of Leeds and Grenville resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Town was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

12. Provincial Offences Administration (POA) / continued

The Town's share of net revenues arising from operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Town of Gananoque shares net POA revenues based on weighted assessment.

13. 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 as at December 31, 2009, management believes that the Town has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Town's financial position.

The Town has also agreed that if either the Springer Theatre or the Firehall Theatre, (both owned by the Town but operated by the Thousand Islands Foundation for the Performing Arts), terminates their respective lease with the Town, the Town shall be obligated to make a payment to the Toronto Dominion Bank on behalf of the Foundation as follows:

Springer Theatre	\$100,000 guarantee expires December 2024
Firehall Theatre	\$490,000 up to June 30, 2010
	\$340,000 to December 31, 2010
	\$200,000 to December 2011
	\$100,000 to December 2024

14. Commitments

The Town has entered into the following contractual service commitments:

- (a) An agreement with 1427255 Ontario Inc. (operating as WSI Waste Services) for the collection of solid waste and recycled materials and the disposal of solid waste which expires December 2010. Fees are based on tonnage and adjusted annually for inflation. The contract costs for 2009 were \$212,812 (2008 \$243,644).
- (b) An agreement with Frontenac Municipal Law Enforcement Incorporated for the provision of by-law enforcement services which expires January 2013. Fees are based on an hourly rate and mileage is reimbursed on a kilometre basis. Fee increases are to be reviewed from time to time at the request of the contractor.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

14. Commitments / continued

- (c) The Town has committed to a long term vehicle supply for police vehicles with Gananoque Chevrolet Cadillac. The agreement provides for the supply for two vehicles every two years for a financial commitment of \$22,000 per year from 2006 to 2008 and \$24,000 per year for 2009 to 2011.
- (d) The Town has entered into agreements to lease computer equipment. Any lease may be terminated with the payment of the present value of the remaining lease payments. The amounts paid in 2009 was \$19,657. The minimum lease payments are:

	\$
2010	12,436
2011	10,179
2012	3,890

- (e) The Town has construction commitments for future years as follows:
 - ▶ Brock Street reconstruction to be completed in 2010 for approximately \$3,525,000;
 - ▶ Survey contracts to be completed in 2010 for approximately \$67,000;
 - ▶ Contract with Eastern Ontario Power in the amount of \$216,000 to be incurred between 2010 and 2012. The project is to improve power service to the Town in the event there is an electrical outage;
 - ▶ Water and sewer plant and infrastructural upgrades to be completed in 2010 for approximately \$614,000.
- (f) The Town has committed to funding to the Arthur Child Heritage Museum in the amount of \$40,000 per year from 2009 to 2011.
- (g) The Town has pledged the interest income from the Town's endowment fund for the years 2009 to 2018 to the University Hospitals Kingston Foundation to a maximum of \$30,000 per year. The agreement also provides for a catch up provision in years where the maximum commitment is not earned from the endowment fund.
- (h) The Town is a member of the Ontario Municipal Insurance Exchange (OMEX). OMEX approved a supplementary assessment totaling \$206,451 for the 2003 to 2008 underwriting periods and payable in remaining non interest bearing instalments over a six year period beginning in 2010 and ending in 2015. If the Town ends their insurance coverage with OMEX, the Town is required to pay this assessment in two years accruing interest at prime plus 2%.

15. Financial Instruments

The Municipality's financial instruments consist of cash, short term deposits, accounts receivable, taxes receivable, user charges receivable, long term investments, accounts payable and accrued liabilities, other current liabilities, security deposits, deferred revenues and debt. The carrying values of these financial instruments approximate their fair values due to the relatively short period to maturity of the instruments or the near current market interest rates applicable. The fair values of the loans are not readily determinable.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

15. Financial Instruments / continued

(a) Credit Risk

Credit risk arises from the possibility that the entities to which the Municipality provides services to may experience difficulty and be unable to fulfill their obligations. The Municipality is exposed to financial risk that arises from the credit quality of the entities to which it provides its services. The Municipality does not feel it has significant exposure based on the following:

- Accounts receivable ▶ the majority of the amounts are due from other levels of government.
- Taxes receivable ▶ the Municipality has the right to sell the property for arrears of taxes and in the majority of cases the fair market value of the property exceeds the tax arrears.
- User charges receivable ▶ the Municipality has the right to add the amounts to taxes.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to a financial instrument will fluctuate as a result of changes in market interest rates. The Municipality is exposed to financial risk that arises from the interest rate differences between the market interest rate and the rates on its cash and cash equivalents, operating loan, and long term debt. Changes in variable interest rates could cause unanticipated fluctuations in the Municipality's operating results.

(c) Liquidity Risk

Liquidity risk is the risk that the Municipality will not be able to meet its obligations as they fall due. The Municipality requires working capital to meet day-to-day operating activities. Management expects that the Municipality's cash flows from operating activities and from reserves will be sufficient to meet these requirements.

The Municipality's financial instruments consist of the following:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Held-For-Trading Financial Assets				
Cash and cash equivalents	2,754,364	2,754,364	3,716,385	3,716,385
Loans and Receivables				
Accounts receivable	2,052,573	2,052,573	1,254,713	1,254,713
Taxes receivable	1,245,282	1,245,282	1,974,494	1,974,494
User charges receivable	372,837	372,837	419,483	419,483
Mortgage receivable	128,400	128,400	149,800	149,800

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

15. Financial Instruments / continued

(c) **Liquidity Risk / continued**

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Other Financial Liabilities				
(not held-for-trading)				
Accounts payable and accrued liabilities	1,201,331	1,201,331	2,177,729	2,177,729
Other current liabilities	140,257	140,257	45,420	45,420
Deferred revenues	877,854	877,854	2,416,349	2,416,349
Long term debt	7,946,592	7,946,592	8,402,205	8,402,205

16. Tangible Capital Assets

	2009	2008
	\$	\$
Land	4,825,764	4,825,764
Buildings	11,800,505	12,307,919
Equipment	464,993	512,677
Vehicles	624,057	743,030
Linear Assets		
Roads	11,518,443	10,303,711
Bridges	1,821,123	1,871,593
Sidewalks	999,506	831,640
Traffic Lights	372,251	415,796
Street Lights	54,730	105,250
Sewer Lines and Storm Lines	4,002,808	3,644,150
Water Lines	6,033,672	5,100,014
Construction in Progress		
Road Projects	1,774,899	2,812,160
Water and Sewer Projects	1,020,695	150,348
Recreation Projects	124,181	21,652
	45,437,627	43,645,704

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

17. Segmented Information

The Town is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of financial activities.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, 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 2.

2009	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc tional Adjustments	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$	\$
General Government								
Governance	62,835	---	7,576	---	---	---	---	70,411
Corporate Management & Program Support	582,877	---	535,196	---	---	---	101,609	1,219,682
Protection to Persons and Property								
Fire	511,415	4,160	93,750	14,570	---	---	178,871	802,766
Police	2,143,096	---	205,182	---	---	---	63,343	2,411,621
Conservation Authority	---	---	---	---	---	30,977	---	30,977
Protective Inspection	54,436	---	69,916	---	---	---	---	124,352
Emergency Measures	---	109,091	98,033	---	---	---	---	207,124
Transportation								
Roadways	446,312	95,387	445,799	37,452	(47,200)	---	769,008	1,746,758
Winter Control	58,004	---	50,034	---	---	---	---	108,038
Parking	304	---	34,443	---	---	---	---	34,747
Street Lighting	157	---	144,049	---	---	---	50,520	194,726
Environmental								
Sanitary Sewer	211,801	30,202	270,989	---	23,600	---	395,587	932,179
Waterworks	306,781	19,407	376,171	---	23,600	---	261,309	987,268
Waste Services	50,729	---	226,640	---	---	---	---	277,369
Health Services								
Public Health Services	---	---	---	---	---	79,989	---	79,989
Hospital	---	---	---	---	---	30,000	---	30,000
Ambulance	---	---	---	---	---	243,489	---	243,489
Doctor Recruitment	---	---	102,592	---	---	---	---	102,592
Social and Family								
General Assistance	---	---	---	---	---	663,617	---	663,617
Assistance to Aged Persons	---	24,639	---	---	---	28,296	---	52,935
Child Care	---	---	---	---	---	31,221	---	31,221
Social Housing	---	---	---	---	---	183,877	---	183,877

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

17. Segmented Information / continued

2009	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc tional Adjustments	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and Cultural Services								
Parks	102,297	---	45,237	---	---	---	---	147,534
Recreation Facilities & Programs	465,091	68,037	418,237	---	---	153,508	306,903	1,411,776
Libraries	106,609	---	25,100	---	---	---	20,145	151,854
Cultural Services	---	---	---	---	---	---	---	---
Planning and Development								
Planning & Zoning	80,686	---	15,678	15,989	---	---	---	112,353
Commercial & Industrial	65,447	---	75,511	95,750	---	46,403	---	283,111
2009	5,248,877	350,923	3,240,133	163,761	---	1,491,377	2,147,295	12,642,366

2008	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc tional Adjustments	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$	\$
General Government								
Governance	61,502	---	8,156	---	---	---	---	69,658
Corporate Management & Program Support	536,098	---	562,735	16,633	---	---	103,157	1,218,623
Protection to Persons and Property								
Fire	520,535	27,243	126,721	18,893	---	---	160,056	853,448
Police	2,063,718	---	135,572	---	---	---	80,830	2,280,120
Conservation Authority	---	---	---	---	---	29,386	---	29,386
Protective Inspection	43,528	---	61,817	---	---	---	---	105,345
Emergency Measures	18,258	112,232	97,292	---	---	---	---	227,782
Transportation								
Roadways	436,873	99,853	280,295	101,889	---	---	711,587	1,630,497
Winter Control	85,331	---	57,107	---	---	---	---	142,438
Parking	479	---	31,719	---	---	---	---	32,198
Street Lighting	276	---	141,644	---	---	---	50,520	192,440
Environmental								
Sanitary Sewer	251,347	42,359	237,046	---	---	---	392,466	923,218
Waterworks	316,077	16,982	353,873	145,492	---	---	232,210	1,064,634
Waste Services	44,449	---	249,512	---	---	---	---	293,961
Health Services								
Public Health Services	---	---	---	---	---	64,498	---	64,498
Hospital	---	---	---	---	---	---	---	---
Ambulance	---	---	---	---	---	246,162	---	246,162
Doctor Recruitment	---	---	94,841	---	---	---	---	94,841

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2009

17. Segmented Information / continued

2008	Salaries, Wages & Employee Benefits	Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc tional Adjustments	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Social and Family								
General Assistance	---	---	---	---	---	695,577	---	695,577
Assistance to Aged Persons	---	25,903	---	---	---	28,145	---	54,048
Child Care	---	---	---	---	---	30,539	---	30,539
Social Housing	---	---	---	---	---	175,608	---	175,608
Recreation and Cultural Services								
Parks	110,249	---	46,042	1,974	---	---	---	158,265
Recreation Facilities & Programs	439,187	74,958	491,913	12,765	---	171,277	236,765	1,426,865
Libraries	97,292	---	16,296	2,200	---	---	20,266	136,054
Cultural Services	---	---	6,595	---	---	---	---	6,595
Planning and Development								
Planning & Zoning	74,003	---	31,319	---	---	---	---	105,322,20
Commercial & Industrial	83,625	---	75,790	---	---	48,000	---	7,415
2008	5,182,827	399,530	3,106,285	299,846	---	1,489,192	1,987,857	12,465,537

18. Budget Figures

The operating budget approved by Town Council, for 2009 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Town does not budget activity within Reserves and reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

19. Comparative Figures

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

Town of Gananoque
Schedule 1 ▶ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 18) Budget	2009	(Note 19) 2008
	\$	\$	\$
Revenues			
Investment income	---	---	10,026
Total Net Revenues	---	---	10,026
Net Transfers From/(To) Other Funds			
Transfers from (to) operations	1,687,655	2,062,718	1,636,667
Transfers from (to) capital acquisitions	(1,309,630)	(708,372)	(707,541)
Total Net Transfers	378,025	1,354,346	929,126
Reserves and Reserve Fund Balances, Change in Year	378,025	1,354,346	939,152
Reserves and Reserve Fund Balances, Beginning of Year	2,393,630	2,393,630	1,454,478
Reserves and Reserve Fund Balances, End of Year	2,771,655	3,747,976	2,393,630

Composition of Reserves and Reserve Funds

For the year ended December 31	2009	(Note 19) 2008
	\$	\$
Reserves set aside for specific purposes by Council:		
▶ for working capital	547,809	547,809
▶ for contingencies	104,273	36,766
▶ for future capital expenditure	799,966	548,095
▶ infrastructure	578,226	358,763
▶ recreation facilities	187,090	165,735
▶ other	1,099	1,099
▶ library	85,278	75,278
▶ for accumulated sick leave	15,000	10,000
▶ for election	119,256	77,748
▶ for economic development	104,597	---
▶ for beautification	---	---
Total Reserves	2,542,594	1,821,293
Reserve Funds		
▶ for future capital expenditure	929,702	293,761
▶ waterworks and sewer	20,472	15,741
▶ parks	21,043	33,498
▶ parking	12,705	12,653
▶ recreation and cultural	4,500	4,500
▶ for library purposes	82,888	87,029
▶ for Business Improvement Area	134,072	125,155
▶ for lot levies	---	---
	1,205,382	572,337
Total Reserves and Reserve Funds	3,747,976	2,393,630

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

Town of Gananoque
Schedule 2 ▶ 2009 Tangible Capital Assets

Asset Class	Cost 01/01/09	Additions	(Disposals)	Cost 31/12/09
	\$	\$	\$	\$
Land	4,825,764	---	---	4,825,764
Buildings	21,639,093	189,842	---	21,828,935
Equipment	1,351,197	87,002	---	1,438,199
Vehicles	1,659,558	64,311	(8,500)	1,715,369
Linear Assets				
Roads	18,782,464	1,667,654	---	20,450,118
Bridges	2,635,236	11,660	---	2,646,896
Sidewalks	2,139,896	251,143	---	2,391,039
Traffic Lights	653,178	---	---	653,178
Street Lights	757,801	---	---	757,801
Sewer Lines and Storm Lines	10,084,301	545,524	---	10,629,825
Water Lines	10,546,828	1,194,967	---	11,741,795
Construction in Progress				
Roads Projects	2,812,160	(1,037,261)	---	1,774,899
Water and Sewer Projects	150,348	870,347	---	1,020,695
Recreation Projects	21,652	102,529	---	124,181
	78,059,476	3,947,718	(8,500)	81,998,694

Asset Class	Accumulated Amortization 01/01/09	Amortization	(Disposals)	Accumulated Amortization 31/12/09	Net Book Value 31/12/09
	\$	\$	\$	\$	\$
Land	---	---	---	---	4,825,764
Buildings	9,331,174	697,256	---	10,028,430	11,800,505
Equipment	838,520	134,686	---	973,206	464,993
Vehicles	916,528	174,784	---	1,091,312	624,057
Linear Assets					
Roads	8,478,753	452,922	---	8,931,675	11,518,443
Bridges	763,643	62,130	---	825,773	1,821,123
Sidewalks	1,308,256	83,277	---	1,391,533	999,506
Traffic Lights	237,382	43,545	---	280,927	372,251
Street Lights	652,551	50,520	---	703,071	54,730
Sewer Lines and Storm Lines	6,440,151	186,866	---	6,627,017	4,002,808
Water Lines	5,446,814	261,309	---	5,708,123	6,033,672
Construction in Progress					
Roads Projects	---	---	---	---	1,774,899
Water and Sewer Projects	---	---	---	---	1,020,695
Recreation Projects	---	---	---	---	124,181
	34,413,772	2,147,295	---	36,561,067	45,437,627

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

**Town of Gananoque
Schedule 2 ▶ 2008 Tangible Capital Assets**

Asset Class	Cost 01/01/08	Additions	(Disposals)	Cost 31/12/08
	\$	\$	\$	\$
Land	4,621,141	204,623	---	4,825,764
Buildings	21,639,093	---	---	21,639,093
Equipment	1,279,158	72,039	---	1,351,197
Vehicles	1,620,476	39,082	---	1,659,558
Linear Assets				
Roads	18,782,464	---	---	18,782,464
Bridges	2,635,236	---	---	2,635,236
Sidewalks	2,090,295	49,601	---	2,139,896
Traffic Lights	653,178	---	---	653,178
Street Lights	757,801	---	---	757,801
Sewer Lines and Storm Lines	10,084,301	---	---	10,084,301
Water Lines	10,535,015	11,813	---	10,546,828
Construction in Progress				
Roads Projects	137,739	2,674,421	---	2,812,160
Water and Sewer Projects	---	150,348	---	150,348
Recreation Projects	---	21,652	---	21,652
	74,835,897	3,223,579	---	78,059,476

Asset Class	Accumulated Amortization 01/01/08	Amortization	(Disposals)	Accumulated Amortization 31/12/08	Net Book Value 31/12/08
	\$	\$	\$	\$	\$
Land	---	---	---	---	4,825,764
Buildings	8,705,583	625,591	---	9,331,174	12,307,919
Equipment	694,818	143,702	---	838,520	512,677
Vehicles	747,458	169,070	---	916,528	743,030
Linear Assets					
Roads	8,064,577	414,176	---	8,478,753	10,303,711
Bridges	713,173	50,470	---	763,643	1,871,593
Sidewalks	1,224,993	83,263	---	1,308,256	831,640
Traffic Lights	193,837	43,545	---	237,382	415,796
Street Lights	602,031	50,520	---	652,551	105,250
Sewer Lines and Storm Lines	6,264,841	175,310	---	6,440,151	3,644,150
Water Lines	5,214,604	232,210	---	5,446,814	5,100,014
Construction in Progress					
Roads Projects	---	---	---	---	2,812,160
Water and Sewer Projects	---	---	---	---	150,348
Recreation Projects	---	---	---	---	21,652
	32,425,915	1,987,857	---	34,413,772	43,645,704

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

Allan

Chartered Accountant Professional Corporation

TOWN OF GANANOQUE

PUBLIC LIBRARY BOARD

AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Gananoque:

We have audited the statement of financial position of the Corporation of the Town of Gananoque Public Library Board as at December 31, 2009 and the statement of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation of the Town of Gananoque Public Library 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 financial statements present fairly, in all material respects, the financial position of the Town's Public Library Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licenced Public Accountants

Perth, Ontario,
May 10, 2010.

**Town of Gananoque
Public Library Board
Statement of Financial Position**

December 31	2009	(Note 7) 2008
	\$	\$
ASSETS		
Financial Assets		
Cash and short term investments	27,190	31,944
Accounts receivable	2,327	2,137
	29,517	34,081
LIABILITIES		
Accounts payable and accrued liabilities	2,901	3,857
	26,616	30,224
NET FINANCIAL ASSETS	26,616	30,224
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	73,160	71,633
ACCUMULATED SURPLUS (note 4)	99,776	101,857

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

**Town of Gananoque
Public Library Board**

Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 6) Budget	2009	(Note 7) 2008
	\$	\$	\$
REVENUES			
Municipal Grants	130,530	130,530	127,970
Province of Ontario	10,500	13,700	27,400
▶ operating	---	---	1,732
▶ Community Accessibility Program	---	---	2,301
User Charges ▶ fees, service charges and fines	6,000	3,580	2,301
Other Income			
Interest	200	242	239
Donations	---	985	1,914
TOTAL REVENUES	147,230	149,037	161,556
EXPENDITURES			
Current operations			
Salaries and benefits	107,687	106,609	97,292
Insurance	---	1,995	860
Automation	2,244	5,611	---
Supplies	2,524	903	454
Utilities and maintenance	16,600	11,945	10,336
Administration	3,978	3,910	4,646
Amortization	20,145	20,145	20,266
TOTAL EXPENDITURES	153,178	151,118	133,854
NET REVENUES (EXPENDITURES)	(5,948)	(2,081)	27,702
ANNUAL SURPLUS (DEFICIT)	(5,948)	(2,081)	27,702
ACCUMULATED SURPLUS, BEGINNING OF YEAR	---	101,857	74,155
ACCUMULATED SURPLUS, END OF YEAR	(5,948)	99,776	101,857

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

**Town of Gananoque
Public Library Board
Statement of Cash Flow**

For the year ended December 31	2009	(Note 7) 2008
	\$	\$
OPERATING		
Annual surplus (deficit)	(2,081)	27,702
Amortization	20,145	20,266
	18,064	47,968
Net Change in Non-Cash Working Capital Items		
Accounts receivable	(190)	620
Accounts payable and accrued liabilities	(956)	(1,242)
	(1,146)	(622)
Working Capital from Operations	16,918	47,346
CAPITAL		
Acquisition of tangible capital assets	(21,672)	(22,683)
NET INCREASE (DECREASE) IN CASH	(4,754)	24,663
CASH, BEGINNING OF YEAR	31,944	7,281
CASH, END OF YEAR	27,190	31,944

Statement of Change in Net Financial Assets

For the year ended December 31	2009	(Note 7) 2008
	\$	\$
ANNUAL SURPLUS (DEFICIT)	(2,081)	27,702
Amortization of tangible capital assets	20,145	20,266
Acquisition of tangible capital assets	(21,672)	(22,683)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(3,608)	25,285
NET FINANCIAL ASSETS, BEGINNING OF YEAR	30,224	4,939
NET FINANCIAL ASSETS, END OF YEAR	26,616	30,224

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

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2009

1. Status of the Board

The Gananoque Public Library Board (the 'Board') was established by By-law in 1981 under the Public Libraries Act by the Town of Gananoque. The predecessor had history back to 1892.

2. Significant Accounting Policies

The financial statements of the Gananoque Public Library Board are the representations of management prepared in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. The focus of PSAB financial statements is on the financial position of the Board and changes thereto. The statement of financial position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. This information explains the Board's overall revenue requirements and its ability to finance activities and meet its obligations.

Effective January 1, 2009, the Board changed its accounting and financial reporting to conform to the revised guidelines in the Public Sector Accounting Handbook on financial reporting presentation (Section PS 1200) and tangible capital accounts (PS 3150). Current year data is presented on the new basis. Prior year data has been restated on the same basis wherever possible, to be comparable with the current year data. The most significant change is the reporting on tangible capital assets for the first time, and the inclusion of the Statement of Change in Net Financial Assets.

(a) Basis of Accounting

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(b) Tangible Capital Assets

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

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2009

2. Significant Accounting Policies / continued

(b) Tangible Capital Assets / continued

Assets	Estimated Useful Life
Books	7 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

(c) Cash and Cash Equivalents

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

(d) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which 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.

(e) Deferred Revenue

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2009

2. Significant Accounting Policies / continued

(g) 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.

3. Adoption of Accounting Policy and Prior Period Adjustments

The adoption of these accounting and reporting standards has been applied retroactively and prior periods have been restated as follows:

	2009	2008
	\$	\$
Accumulated Surplus, January 1		
As previously reported	30,224	4,939
Adjustment for net book value of tangible capital assets	71,633	69,216
Opening Accumulated Surplus, As Restated	101,857	74,155
		2008
		\$
Annual Surplus for 2008		
Net revenues as previously reported		25,285
Tangible capital assets capitalized but previously expensed		22,683
Amortization expense not previously recorded		(20,266)
		27,702
		2008
		\$
Tangible Capital Assets, December 31, 2008		
As previously reported		---
Tangible capital assets expensed		143,758
Accumulated amortization expense		(72,125)
Tangible Capital Assets, As Restated		71,633

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2009

4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2009	2008
	\$	\$
Surplus		
Invested in tangible capital assets	73,160	71,633
Unrestricted Surplus	22,116	25,724
Reserves		
Capital	4,500	4,500
Accumulated Surplus	99,776	101,857

5. Tangible Capital Assets

	2009	2008
Net Book Value of Assets		
	\$	\$
Books	73,160	71,633

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

6. Budget Figures

Gananoque Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2009 is included in the budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus.

7. Comparative Figures

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

**Town of Gananoque
Public Library Board**

Schedule 1 ▶ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 6) Budget	2009	(Note 7) 2008
	\$	\$	\$
Net Transfers from (to) Other Funds			
Transfer from current fund	---	---	---
Transfer (to) from capital fund	---	---	---
Total Net Transfers	---	---	---
Reserves and Reserve Fund Balance, Change in Year	---	---	---
Reserves and Reserve Fund Balance, Beginning of Year	4,500	4,500	4,500
Reserves and Reserve Fund Balance, End of Year	4,500	4,500	4,500

Composition of Reserves

For the year ended December 31	2009	(Note 7) 2008
	\$	\$
Reserves		
Capital	4,500	4,500

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

**Town of Gananoque
Public Library Board
Schedule 2 ▶ Tangible Capital Assets**

December 31, 2009

Assets	Cost 01/01/09	Additions (Disposals)	Cost 31/12/09	Accumulated Amortization 01/01/09	Amortization 2009	Accumulated Amortization 31/12/09	Net Book Value 31/12/09
	\$	\$	\$	\$	\$	\$	\$
Books	143,758	21,672	165,430	72,125	20,145	92,270	73,160

December 31, 2008

Assets	Cost 01/01/08	Additions (Disposals)	Cost 31/12/08	Accumulated Amortization 01/01/08	Amortization 2008	Accumulated Amortization 31/12/08	Net Book Value 31/12/08
	\$	\$	\$	\$	\$	\$	\$
Books	121,075	22,683	143,758	51,859	20,266	72,125	71,633

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

Allan

Chartered Accountant Professional Corporation

TOWN OF GANANOQUE

BUSINESS IMPROVEMENT AREA COMMITTEE

AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Gananoque:

We have audited the statement of financial position of the Corporation of the Town of Gananoque Business Improvement Area Committee as at December 31, 2009 and the statement of operations and accumulated surplus, change in financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation of the Town of Gananoque Business Improvement Area Committee'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 Town's Business Improvement Area Committee as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licenced Public Accountants

Perth, Ontario,
May 10, 2010.

**Town of Gananoque
Business Improvement Area Committee
Statement of Financial Position**

December 31	2009	(Note 5) 2008
	\$	\$
ASSETS		
Financial Assets		
Due from the Town of Gananoque	82,888	87,029
NET FINANCIAL ASSETS	82,888	87,029
ACCUMULATED SURPLUS (note 3)	82,888	87,029

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

**Town of Gananoque
Business Improvement Area Committee
Statement of Operations and Accumulated Surplus**

For the year ended December 31	(Note 4) Budget	2009	(Note 5) 2008
	\$	\$	\$
REVENUES			
Municipal contribution	44,000	44,000	39,966
Interest	---	454	1,686
Fees and service charges	---	6,345	3,462
TOTAL REVENUES	44,000	50,799	45,114
EXPENDITURES			
Current operations			
Administration	6,000	5,973	5,686
Advertising and promotion	25,350	27,200	12,010
Salaries and benefits	24,200	12,971	9,000
Special events	3,000	8,796	8,289
Beautification	15,000	---	---
TOTAL EXPENDITURES	73,550	54,940	34,985
NET REVENUES (EXPENDITURES)	(29,550)	(4,141)	10,129
ANNUAL SURPLUS (DEFICIT)	(29,550)	(4,141)	10,129
ACCUMULATED SURPLUS, BEGINNING OF YEAR	87,029	87,029	76,900
ACCUMULATED SURPLUS, END OF YEAR	57,479	82,888	87,029

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

**Town of Gananoque
Business Improvement Area Committee
Statement of Cash Flows**

For the year ended December 31	2009	(Note 5) 2008
	\$	\$
OPERATING		
Annual surplus (deficit)	(4,141)	10,129
Net Change in Non-Cash Working Capital Items		
Due from Town	4,141	(87,029)
Accounts receivable	---	1,099
Accounts payable and accrued liabilities	---	(4,840)
	4,141	(90,770)
Working Capital from Operations	---	(80,641)
NET INCREASE (DECREASE) IN CASH	---	(80,641)
CASH, BEGINNING OF YEAR	---	80,641
CASH, END OF YEAR	---	---

Statement of Change in Net Financial Assets

For the year ended December 31	2009	(Note 5) 2008
	\$	\$
ANNUAL SURPLUS (DEFICIT)	(4,141)	10,129
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(4,141)	10,129
NET FINANCIAL ASSETS, BEGINNING OF YEAR	87,029	76,900
NET FINANCIAL ASSETS, END OF YEAR	82,888	87,029

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

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2009

1. Status of the Committee

Pursuant to the Municipal Act, the Gananoque Business Improvement Area Committee (the 'Committee') was established by By-law No. 78-33 on October 17, 1978 by the Town of Gananoque.

2. Significant Accounting Policies

The financial statements of the Gananoque Business Improvement Area Committee are the representations of management prepared in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. The focus of PSAB financial statements is on the financial position of the Committee and changes thereto. The statement of financial position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. This information explains the Committee's overall revenue requirements and its ability to finance activities and meet its obligations.

Effective January 1, 2009, the Committee changed its accounting and financial reporting to conform to the revised guidelines in the Public Sector Accounting Handbook on financial reporting presentation (Section PS 1200) and tangible capital accounts (PS 3150). Current year data is presented on the new basis. Prior year data has been restated on the same basis wherever possible, to be comparable with the current year data. The most significant change is the reporting on tangible capital assets for the first time, and the inclusion of the Statement of Change in Net Financial Assets.

(a) Basis of Accounting

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Committee.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all 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:

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2009

2. Significant Accounting Policies / continued

(b) Tangible Capital Assets / continued

Assets	Estimated Useful Life
Equipment	3 to 30 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

(c) Cash and Cash Equivalents

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

(d) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which 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.

(e) Deferred Revenues

The Committee defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Committee has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Committee classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2009

2. Significant Accounting Policies / continued

(g) 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.

3. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2009	2008
	\$	\$
Surplus		
Business Improvement Area Committee	---	---
Reserves		
Contingency	82,888	87,029
Accumulated Surplus	82,888	87,029

4. Budget Figures

Gananoque Business Improvement Area Committee reviews its operating and capital budgets each year. The approved operating budget for 2009 is included in the budget figures presented in the Consolidated Statement of Financial Activities.

5. Comparative Figures

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

**Town of Gananoque
Business Improvement Area Committee
Schedule of Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 4) Budget	2009	(Note 5) 2008
	\$	\$	\$
Net Transfers from (to) Other Funds			
Transfer from (to) current fund	---	(4,141)	87,029
Total Net Transfers	---	(4,141)	87,029
Reserves and Reserve Fund Balance, Change in Year	---	(4,141)	87,029
Reserves and Reserve Fund Balance, Beginning of Year	---	87,029	---
Reserves and Reserve Fund Balance, End of Year	---	82,888	87,029

Composition of Reserves

For the year ended December 31	2009	(Note 5) 2008
	\$	\$
Reserves		
Contingency	82,888	87,029

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

**Town of Gananoque
Waterworks and Sewer Operations
Schedule of Financial Activities**

For the year ended December 31	(Note 18) Budget	2009	(Note 19) 2008
	\$	\$	\$
REVENUES			
User charges ▶ water and sewer revenue	2,007,434	1,993,961	1,988,713
▶ penalty	16,000	21,964	18,194
▶ interest	---	1,513	2,021
▶ miscellaneous fees and service charges	20,500	14,347	26,035
Government grants ▶ capital	1,140,466	482,352	240,843
▶ operating	---	25,000	---
Contributions from casino, capital and sick leave reserves	---	---	25,920
TOTAL REVENUES	3,184,400	2,539,137	2,301,726
EXPENDITURES			
Overhead			
▶ salaries and benefits	377,148	235,445	323,081
▶ materials and supplies	152,115	200,679	157,362
▶ property tax	60,950	56,739	57,604
▶ vehicle and equipment operation	14,500	13,425	11,896
Water treatment plant & storage tank			
▶ salaries & benefits	85,987	105,690	90,691
▶ materials & supplies	280,400	200,920	131,215
Water distribution			
▶ salaries & benefits	57,068	77,939	66,140
▶ materials & supplies	53,300	19,077	63,145
Water meters & meter reading			
▶ salaries & benefits	18,181	25,881	19,277
▶ materials & supplies	15,600	17,314	14,014
Sewage pumping stations & lagoon			
▶ salaries & benefits	41,551	59,735	45,809
▶ materials & supplies	228,675	153,929	126,456
Sewage collection			
▶ salaries & benefits	19,504	13,481	20,746
▶ materials & supplies	37,100	33,413	39,465
Interest on long term debt	59,341	49,608	50,572
Amortization	656,896	656,896	624,676
TOTAL EXPENDITURES	2,158,316	1,920,171	1,842,149
NET REVENUES FOR THE YEAR	1,026,084	618,966	459,577
CASH REQUIREMENTS			
Net Revenues (Expenditures)	1,026,084	618,966	459,577
Amortization	656,896	656,896	624,676
Tangible capital assets	(1,974,533)	(914,235)	(344,079)
Principal paid on long term debt	(155,986)	(169,786)	(164,755)
	(447,539)	191,841	575,419

**Town of Gananoque
Police Commission
Schedule of Financial Activities**

For the year ended December 31	(Note 18) Budget	2009	(Note 19) 2008
	\$	\$	\$
REVENUES			
Provincial grants	105,261	142,286	99,286
Miscellaneous fees and service charges	4,600	6,394	5,205
TOTAL REVENUES	109,861	148,680	104,491
EXPENDITURES			
Current operations			
Police Force			
Salaries and benefits	1,808,851	1,899,649	1,869,530
Materials and supplies	67,304	84,455	54,402
Vehicle maintenance	24,660	27,322	34,372
Equipment repair and replacement	64,500	59,081	49,757
Administration			
Salaries and benefits	220,882	224,068	254,226
Materials and supplies	22,261	25,313	13,440
Police Services Board			
Honorarium	5,500	5,714	5,500
Materials and supplies	10,000	10,962	12,422
Youth in Policing and Police Auxiliary			
Salaries and benefits	---	38,011	---
Materials and supplies	1,014	3,370	---
Amortization	63,643	63,643	80,830
TOTAL EXPENDITURES	2,288,615	2,441,588	2,374,479
NET REVENUE FOR THE YEAR	(2,178,754)	(2,292,908)	(2,269,988)
CASH REQUIREMENTS			
Net Revenues (Expenditures)	(2,178,754)	(2,292,908)	(2,269,988)
Amortization	63,643	63,643	80,830
	(2,115,111)	(2,229,265)	(2,189,158)