

Audited Consolidated Financial Statements and
Other Financial Information of

**CORPORATION OF THE
TOWN OF ARNPRIOR**

Year ended December 31, 2023

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Financial Statements

Year ended December 31, 2023

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CORPORATION OF THE TOWN OF ARNPRIOR:

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Arnprior (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

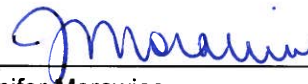
The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Robin Paquette
Chief Administrative Officer



Jennifer Morawiec
General Manager, Client Services/Treasurer



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Arnprior (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of operations and accumulated municipal equity for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter – Comparative Information

We draw attention to Note 18 to the financial statements ("Note 18") which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 18 explains the reasons for the restatement and also explains the adjustments that were applied to restate comparative information.



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Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

July 22, 2024

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 18)
Financial assets:		
Cash	\$ 23,698,920	\$ 23,985,563
Taxes receivable	980,736	944,771
User charges receivable	885,976	750,394
Accounts receivable	1,988,208	1,452,822
Investments (note 3)	3,000,678	1,320,375
	<u>30,554,518</u>	<u>28,453,925</u>
Financial liabilities:		
Accounts payable and accrued liabilities	2,008,603	3,241,372
Asset retirement obligations (note 5)	1,420,779	1,378,522
Prepaid property taxes	230,328	188,841
Deferred revenue - obligatory reserve funds (note 4)	8,041,978	6,895,629
Deferred revenues	186,492	42,527
Security deposits	627,883	679,723
Long-term liabilities (note 6)	9,490,093	10,827,162
	<u>22,006,156</u>	<u>23,253,776</u>
Net financial assets	8,548,362	5,200,149
Non-financial assets:		
Tangible capital assets (note 13)	105,494,027	102,663,152
Tangible capital assets - Library (note 13)	182,711	199,875
Inventories	154,477	135,958
	<u>105,831,215</u>	<u>102,998,985</u>
Contractual obligations (note 10)		
Commitments (note 11)		
Contingent liabilities (note 12)		
Accumulated municipal equity (note 7)	\$ 114,379,577	\$ 108,199,134

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (note 15)	2023	2022 (Restated - note 18)
Revenue:			
Property taxation	\$ 12,502,059	\$ 12,602,391	\$ 11,822,589
User charges	7,150,123	7,617,371	7,072,247
Government transfers	3,300,160	3,476,883	4,377,089
Transfers from deferred revenue - obligatory reserve funds:			
Development charges	541,700	1,546,212	1,533,955
Recreational land	—	276,827	32,800
Investment income	73,500	1,042,479	158,820
Licenses and permits	332,710	342,878	173,252
Penalties and interest	154,000	172,982	159,165
Donation revenue	40,000	254,625	219,091
Provincial offenses	—	33,898	27,542
Other	—	—	712
Gain (loss) on disposal of tangible capital assets	—	(139,934)	66,078
Total revenue	24,094,252	27,226,612	25,643,340
Expenses (note 14):			
General government	2,317,254	2,488,141	2,134,625
Protection to persons and property	3,084,801	3,254,254	4,740,615
Transportation services	3,370,337	2,406,099	2,601,737
Environmental services	6,543,810	7,098,215	5,807,345
Social and health services	171,800	223,130	278,603
Recreation and cultural services	4,631,097	5,197,920	4,160,762
Planning and development	369,000	378,410	297,741
Total expenses	20,488,099	21,046,169	20,021,428
Annual surplus	3,606,153	6,180,443	5,621,912
Accumulated municipal equity, beginning of year	108,199,134	108,199,134	102,577,222
Accumulated municipal equity, end of year	\$ 111,805,287	\$ 114,379,577	\$ 108,199,134

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (note 15)	2023	2022 (Restated - note 18)
Annual surplus	\$ 3,606,153	\$ 6,180,443	\$ 5,621,912
Amortization of tangible capital assets	3,850,204	3,865,087	3,771,651
Acquisition of tangible capital assets	(6,549,500)	(6,818,732)	(6,020,881)
Proceeds on disposal of tangible capital assets	—	—	469,694
Loss (gain) on disposal of tangible capital assets	—	139,934	(66,078)
Decrease (increase) in inventories	—	(18,519)	(50,456)
Decrease in prepaid expenses	—	—	5,400
Change in net financial assets	906,857	3,348,213	3,731,242
Net financial assets, beginning of year	5,200,149	5,200,149	1,468,907
Net financial assets, end of year	\$ 6,107,006	\$ 8,548,362	\$ 5,200,149

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 18)
Operating activities:		
Annual surplus	\$ 6,180,443	\$ 5,621,912
Item not involving cash:		
Amortization of tangible capital assets	3,865,087	3,771,651
Loss (gain) on disposal of tangible capital assets	139,934	(66,078)
Accretion expense	42,257	40,828
Change in non-cash operating working capital:		
Taxes receivable	(35,965)	(255,619)
User charges receivable	(135,582)	(71,213)
Accounts receivable	(535,386)	(439,926)
Accounts payable and accrued liabilities	(1,232,769)	1,343,187
Prepaid property taxes	41,487	76,580
Deferred revenue - obligatory reserve funds	1,146,349	890,816
Deferred revenues	143,965	(21,203)
Security deposits	(51,840)	(59,209)
Prepaid expenses	—	5,400
Inventories	(18,519)	(50,456)
	9,549,461	10,786,670
Capital activities:		
Acquisition of tangible capital assets	(6,818,732)	(6,020,881)
Proceeds on disposal of tangible capital assets	—	469,694
	(6,818,732)	(5,551,187)
Investing activities:		
Purchase of investments	(1,680,303)	(297,442)
Financing activities:		
Repayment of long-term liabilities	(1,337,069)	(1,286,206)
Increase (decrease) in cash	(286,643)	3,651,835
Cash, beginning of year	23,985,563	20,333,728
Cash, end of year	\$ 23,698,920	\$ 23,985,563

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements

Year ended December 31, 2023

The Corporation of the Town of Arnprior (the "Town") was incorporated in 1892 (previously incorporated as a village in 1862) and assumed its responsibilities under the authority of the Provincial Secretary. The Town operates as a lower tier government in the County of Renfrew, 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.

1. Significant accounting policies:

The consolidated financial statements of the Town are the representations of management and have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, 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:

- Arnprior Cemetery Board
- Arnprior Business Improvement Area Committee
- Arnprior Public Library Board

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements. Over levies (under levies) are reported on the Consolidated Statement of Financial Position.

(b) Basis of accounting:

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. Expenses 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 annual surplus, provides the change in net financial assets for the year.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

Trust funds and their related operations administered by the Town are not included in these consolidated financial statements.

(c) Taxation and related revenues:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Town Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the County of Renfrew for regional services, and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenues can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) 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:

Asset	Useful Life - Years
Land improvements	10 to 25
Buildings	20 to 75
Machinery and equipment	5 to 20
Vehicles	10 to 20
Linear assets	30 to 80

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 \$10,000 for vehicles and equipment and \$20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

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.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations and Accumulated Municipal Equity in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity.

(e) Leases:

Leases are classified as capital or operating 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.

(f) Inventories:

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

(g) Employee future 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. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(h) Government transfers:

Government transfers are recognized in the consolidated 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, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue and recognized as revenue as the liability is extinguished.

(i) Deferred revenue:

The Town receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services performed.

The Town also receives restricted contributions under the authority of the federal and provincial legislation and Town by-laws. Government transfers of Canada Community Building Fund (formerly Federal Gas Tax), development charges collected under the Development Charges Act, 1997, recreational land collected under the Planning Act and building surpluses earned under the Building Code Act are restricted in their use, and until applied to applicable costs, are reported as deferred revenue - obligatory reserve funds in the Consolidated Statement of Financial Position. These amounts are recognized as revenue in the fiscal year the services are performed, or related expenses incurred.

(j) Investment income:

Investment income is recognized as revenue in the period earned. Investment income earned on deferred revenue - obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(k) Asset retirement obligations:

An asset retirement obligation (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. The liability is discounted using a present value calculation and adjusted annually for accretion expense. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption in the standard. Assumptions used in the subsequent calculations are revised yearly.

The liability for the removal of asbestos in several of the buildings owned by the Town has been recognized based on estimated undiscounted future expenses. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption in the standard. Assumptions used in the subsequent calculations are revised yearly.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. The related tangible capital assets are being amortized with the building following the amortization accounting policies.

(l) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(l) Liability for contaminated sites (continued):

A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Town:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(m) Financial instruments:

On January 1, 2023, the Town adopted PS 3450 Financial Instruments which establishes accounting and reporting for all types of financial instruments, including derivatives. Financial instruments are recorded at fair value on initial recognition and reported on the Consolidated Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Consolidated Statement of Operations and Municipal Equity.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations and Municipal Equity and any unrealized gain is adjusted through the Consolidated Statement of Remeasurement Gains and Losses. On sale, the unrealized gain or loss included in the Consolidated Statement of Remeasurement Gains and Losses associated with that instrument are reversed and recognized in the Consolidated Statement of Operations and Municipal Equity.

A Consolidated Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 or 2022.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(n) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of management's estimates include the asset retirement obligations and the carrying value of tangible capital assets. Actual results could differ from these estimates.

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

The Town collects and makes property tax transfers, including payments in lieu of property taxes, to the County of Renfrew and School Boards. The amounts collected and remitted are as follows:

For the year ended December 31, 2023:

	School boards	County
Property taxes	\$ 2,511,561	\$ 5,025,758
Taxation from other governments	941	25,836
	<u>\$ 2,512,502</u>	<u>\$ 5,051,594</u>

For the year ended December 31, 2022:

	School boards	County
Property taxes	\$ 2,412,941	\$ 4,676,077
Payments-in-lieu of taxes	941	26,376
	<u>\$ 2,413,882</u>	<u>\$ 4,702,453</u>

3. Investments:

Investments, which consist of guaranteed investment certificates, are considered Level 1 investments and are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest. Interest rates range between 1.00% to 5.00% (2022 - 1.00% to 4.40%) with maturity dates between June 2024 and October 2028 (2022 - March 2023 and August 2026). They have a market value of \$3,036,862 at December 31, 2023 (2022 - \$1,334,437).

There were no transfers in or out of Level 1, Level 2 or Level 3 for the years ended December 31, 2023 and 2022.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

4. Deferred revenue – obligatory reserve funds:

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. 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:

	Government grants	Development charges	Recreational land	Building department	Total
Balance, beginning of year	\$ 4,327	\$ 5,322,672	\$ 597,959	\$ 970,671	\$ 6,895,629
Government grants	1,225,719	—	—	—	1,225,719
Contributions	—	2,574,210	19,103	—	2,593,313
Interest	17,151	359,737	23,870	47,125	447,883
Transfer to operations	(1,235,585)	(1,546,212)	(276,827)	(61,942)	(3,120,566)
Balance, end of year	\$ 11,612	\$ 6,710,407	\$ 364,105	\$ 955,854	\$ 8,041,978

The balance of government grants included above is comprised of the Canada Community Building Fund and Ontario Community Infrastructure Fund.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Asset retirement obligations:

The Town's asset retirement obligations (AROs) consist of several obligations as follows:

(a) Landfill obligation:

The Town owns and operates one landfill. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the site and for 25 years thereafter. As at December 31, 2023, the landfill had an estimated remaining useful life of 16 years. The Town recognized an obligation relating to the removal and post-removal care of the landfill. These costs were discounted using a discount rate of 3.50% per annum and an inflation rate of 3.27% per annum.

(b) Asbestos and other obligations:

The Town owns several buildings that are known to have asbestos, which represents a health hazard upon demolition/decommission and there is a legal obligation to remove it. The Town recognized an obligation relating to the removal and post-removal care of the asbestos as estimated at January 1, 2022. These costs were not discounted due to uncertainty surrounding the expected timing of cash outflows.

The transition and recognition of AROs involved an accompanying increase to the buildings and landfill tangible capital assets and the restatement of prior year balances (see note 18).

	Landfill closure	Asbestos	Total
Balance, January 1, 2022, as previously stated	\$ —	\$ —	\$ —
Adjustment on adoption of PS 3280 asset retirement obligations (note 18)	1,166,509	171,185	1,337,694
Balance, January 1, 2022, as restated	1,166,509	171,185	1,337,694
Accretion expense	40,828	—	40,828
Balance, December 31, 2022, as restated	\$ 1,207,337	\$ 171,185	\$ 1,378,522
Accretion expense	42,257	—	42,257
Balance, December 31, 2023	\$ 1,249,594	\$ 171,185	\$ 1,420,779

No remediation work occurred during the years ended December 31, 2023 or December 31, 2022.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Long-term liabilities:

- a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2023	2022
Total long-term liabilities incurred by the municipality bear interest at rates that range between 2.33% and 4.94%, with due dates between October 2024 and July 2031. Amounts outstanding at the end of the year total:	\$ 9,490,093	\$ 10,827,162

- (b) Principal due on net long-term liabilities from general municipal revenues and user fees is summarized as follows:

2024	\$ 1,390,119
2025	1,324,849
2026	1,218,372
2027	1,111,166
2028	1,156,629
Thereafter	3,289,057
	<u>\$ 9,490,093</u>

- (c) Interest expense on long term liabilities in 2023 amounted to \$418,311 (2022 - \$472,924).

7. Municipal equity:

	2023	2022
		(Restated - note 18)
Investment in tangible capital assets:		
Tangible capital assets	\$ 105,676,738	\$ 102,863,027
Long-term debt	(9,490,093)	(10,827,162)
	<u>96,186,645</u>	<u>92,035,865</u>
Unrestricted surplus	3,191,946	4,320,848
Unfunded asset retirement obligations (note 5)	(1,420,779)	(1,378,522)
Reserves (Schedule 1)	3,624,957	2,991,585
Reserve funds (Schedule 1)	12,796,808	10,229,358
<u>Total accumulated municipal equity</u>	<u>\$ 114,379,577</u>	<u>\$ 108,199,134</u>

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Trust funds:

Trust funds administered by the Town amounting to \$855,189 (2022 - \$824,457) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Town for the benefit of others, they are not presented as part of the Town's financial position or financial activities.

9. Pension contributions:

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The latest available report for the OMERS plan was at December 31, 2023. At that time, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit).

The amount contributed to OMERS was \$479,211 (2022 - \$396,599) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity classified under the appropriate functional expenditure.

10. Contractual obligations:

- (a) The Town is provided police services by the Ontario Provincial Police under Section 5.1 of the Police Services Act. There is no contract, however, the annual charges are determined based on base costs and calls for service, overtime, prisoner transport, cleaning and accommodation. The amount paid in 2023 for police services was \$1,665,181 (2022 - \$1,680,190).
- (b) The Town has negotiated a multi-year contract with McCrea Excavating Ltd. for the operation and supervision of the Solid Waste Disposal Site. The contract commenced September 1, 2023 and will expire on August 31, 2028 with the option for an additional two one-year extensions. The annual commitment under this contract is \$494,100 per annum with inflationary adjustments.
- (c) The Town has entered into a multi-year contract with Topps Environmental Solutions (803836 Ontario Inc.) for the collection of solid waste. The contract commenced in March 2024 and is for a five year period with the option of two one year extensions. The Town's annual commitment is \$430,429.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Commitments:

The Town is a member of the Municipalities Benefit Committee (MBC) which is an employee group benefits plan arranged through Manulife to share in the financial risk of extended health and dental benefits. In the event that a deficit position is incurred, the Town must repay their pro-rata share of the deficit through a lump sum deposit or an increase in future annual premiums collected through the monthly billed rates. No such assessments have been made to December 31, 2023. In the case of a surplus position, upon full funding of the claims fluctuation reserve (DFR), the surplus is transferred to a deposit account held by Manulife on the MBC's behalf. The surplus funds in the deposit account are to be used to fund premium requirements, enhancements to the benefit plan or fund future deficits. If the Town leaves the MBC, the Town forfeits its right to any surplus. There are no distributions to or receivables from the MBC plan at December 31, 2023 (2022 - \$Nil).

12. 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, 2023, management believes that the Town has valid defences and appropriate reserves and insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Tangible capital assets:

13 Tangible capital assets:

	Balance at December 31, 2022, as previously stated	Adjustment on Adoption of PS 3280 (note 18)	Balance at December 31, 2022, as restated	Additions	Disposals and Transfers	Balance at December 31, 2023
Land	\$ 1,650,155	\$ -	\$ 1,650,155	\$ -	\$ 489,145	\$ 2,139,300
Land improvements	1,955,295	100,878	2,056,173	1,252,610	(502,731)	2,806,052
Buildings	71,606,105	171,185	71,777,290	1,282,317	-	73,059,607
Machinery and equipment	3,932,010	-	3,932,010	179,009	-	4,111,019
Vehicles	3,813,164	-	3,813,164	385,061	(29,366)	4,168,859
Linear assets	75,407,408	-	75,407,408	3,646,524	(528,372)	78,525,560
Construction in progress	825,298	-	825,298	73,211	-	898,509
	\$ 159,189,435	\$ 272,063	\$ 159,461,498	\$ 6,818,732	\$ (571,324)	\$ 165,708,906

	Balance at December 31, 2022, as previously stated	Adjustment on Adoption of PS 3280 (note 18)	Balance at December 31, 2022, as restated	Amortization	Disposals	Balance at December 31, 2023
Land improvements	\$ 757,845	\$ 75,282	\$ 833,127	\$ 65,969	\$ (13,586)	\$ 885,510
Buildings	29,982,983	171,185	30,154,168	1,976,273	-	32,130,441
Machinery and equipment	2,202,804	-	2,202,804	292,393	-	2,495,197
Vehicles	1,517,971	-	1,517,971	185,088	(29,366)	1,673,693
Linear assets	21,890,401	-	21,890,401	1,345,364	(388,438)	22,847,327
	\$ 56,352,004	\$ 246,467	\$ 56,598,471	\$ 3,865,087	\$ (431,390)	\$ 60,032,168

	Net Book Value 2022	Net Book Value 2023
	(Restated - note 18)	
Land	\$ 1,650,155	\$ 2,139,300
Land improvements	1,223,046	1,920,542
Buildings	41,623,122	40,929,166
Machinery and equipment	1,729,206	1,615,822
Vehicles	2,295,193	2,495,166
Linear assets	53,517,007	55,678,233
Construction in progress	825,298	898,509
	\$ 102,863,027	\$ 105,676,738

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. 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 Operations and Accumulated Municipal Equity.

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, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

- (i) General government is comprised of Council and administration and is responsible for the overall governance and management of the Municipality.
- (ii) Protection to persons and property is comprised of police, fire and other protective services.
- (iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Municipality.
- (iv) Environmental services includes water supply and distribution, wastewater treatment and waste and recycling services.
- (v) Health services includes the management and maintenance of cemeteries and long-term care funding.
- (vi) Recreational and cultural services includes parks and recreation, culture and libraries.
- (vii) Planning and development services are comprised of managing development for residential and business interest, as well as infrastructure and parks.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

For the year ended December 31, 2023	Environmental Services	General Government	Health and Social Services	Planning and Development	Protection to Persons and Property	Recreation and Cultural Services	Transportation Services	Total
Revenue:								
Property taxation	\$ 750,026	\$ 11,852,365	\$ -	\$ -	\$ -	\$ -	\$ -	12,602,391
User charges	5,642,888	53,927	112,226	72,446	47,005	1,597,307	91,572	7,617,371
Government transfers	192,133	1,499,028	-	10,176	12,911	527,050	1,235,585	3,476,883
Transfers from deferred revenue - obligatory reserve funds:								
Development charges	770,169	-	-	-	75,656	324,142	376,245	1,546,212
Recreational land	-	-	-	-	-	276,827	-	276,827
Investment income	-	993,792	30,704	-	-	17,983	-	1,042,479
Licenses and permits	-	28,702	-	-	314,176	-	-	342,878
Penalties and interest	33,229	139,753	-	-	-	-	-	172,982
Donation revenue	-	-	-	-	-	254,625	-	254,625
Provincial offences	-	-	-	-	33,898	-	-	33,898
Other	-	-	-	-	-	-	-	-
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	(139,934)	(139,934)
	7,388,445	14,567,567	142,930	82,622	483,646	2,997,934	1,563,468	27,226,612
Expenses:								
Salaries, wages and employee benefits	1,189,783	1,415,821	79,595	211,317	894,089	2,677,508	939,996	7,408,109
Interest on long-term liabilities	390,774	-	-	-	25,528	-	2,009	418,311
Materials and services	3,151,425	964,101	22,180	167,093	2,153,129	2,074,705	598,806	9,131,439
Amortization	2,161,688	108,253	-	-	171,508	406,935	1,016,703	3,865,087
External transfers	-	10,966	82,500	-	-	32,500	55,000	180,966
Accretion expense	42,257	-	-	-	-	-	-	42,257
Inter-functional adjustments	162,288	(11,000)	38,855	-	10,000	6,272	(206,415)	-
	7,098,215	2,488,141	223,130	378,410	3,254,254	5,197,920	2,406,099	21,046,169
Annual surplus (deficit)	\$ 290,230	\$ 12,079,426	\$ (80,200)	\$ (295,788)	\$ (2,770,608)	\$ (2,199,986)	\$ (842,631)	\$ 6,180,443

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

For the year ended December 31, 2022	Environmental Services	General Government	Health and Social Services	Planning and Development	Protection to Persons and Property	Recreation and Cultural Services	Transportation Services	Total
								(Restated - note 18)
Revenue:								
Property taxation	\$ 824,196	\$ 10,998,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,822,589
User charges	5,278,279	71,284	105,828	72,214	15,831	1,437,054	91,957	7,072,247
Government transfers	158,675	1,607,700	-	38,350	-	614,434	1,957,930	4,377,089
Transfers from deferred revenue - obligatory reserve funds:								
Development charges	770,169	-	-	-	75,656	146,430	541,700	1,533,955
Recreational land	-	-	-	-	-	32,800	-	32,800
Investment income	-	148,543	10,071	-	-	206	-	158,820
Licenses and permits	-	30,272	-	-	142,980	-	-	173,252
Penalties and interest	28,241	129,924	-	-	-	-	-	159,165
Donation revenue	-	-	-	-	-	219,091	-	219,091
Provincial offences	-	-	-	-	27,542	-	-	27,542
Other	-	-	-	-	-	712	-	712
Gain (loss) on disposal of tangible capital assets	(135,170)	459,988	-	-	-	(94,661)	(164,079)	66,078
	6,925,390	13,446,104	115,699	110,564	262,009	2,356,066	2,427,508	25,643,340
Expenses:								
Salaries, wages and employee benefits	1,155,193	1,331,919	93,908	155,422	798,278	2,216,193	822,693	6,573,606
Interest on long-term liabilities	439,291	-	-	-	30,485	-	3,148	472,924
Materials and services	1,861,394	730,533	21,270	142,319	3,736,191	1,502,952	942,035	8,936,694
Amortization	2,139,919	59,448	-	-	169,661	406,755	995,868	3,771,651
External transfers	-	18,725	120,000	-	-	32,000	55,000	225,725
Accretion expense	40,828	-	-	-	-	-	-	40,828
Inter-functional adjustments	170,720	(6,000)	43,425	-	6,000	2,862	(217,007)	-
	5,807,345	2,134,625	278,603	297,741	4,740,615	4,160,762	2,601,737	20,021,428
Annual surplus (deficit)	\$ 1,118,045	\$ 11,311,479	\$ (162,904)	\$ (187,177)	\$ (4,478,606)	\$ (1,804,696)	\$ (174,229)	\$ 5,621,912

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Budget figures:

The 2023 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results under Canadian public sector accounting standards. The budget includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end Consolidated Statement of Operations and Accumulated Municipal Equity. The revenues attributable to these items continue to be included in the Consolidated Statement of Operations and Accumulated Municipal Equity, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements:

	Budget 2023
Total revenue	\$ 24,094,252
Total expenses	(20,488,099)
Annual surplus	3,606,153
Amortization of tangible capital assets	3,850,204
Funds available	7,456,357
Capital expenses	(6,549,500)
Principal repayments	(1,337,070)
Decrease in operating surplus	\$ (430,213)
Allocated as follows:	
Net transfers from reserves	\$ (2,386,090)
Current year surplus	1,955,877
	\$ (430,213)

16. Comparative information:

Certain comparative information has been reclassified to confirm to the financial statement presentation adopted in the current year.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Town is exposed to credit risk with respect to accounts receivable, taxes receivable and user charges receivables (collectively its "receivables") on the Consolidated Statement of Financial Position.

The Town assesses, on a continuous basis, its receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Town at December 31, 2023 is the carrying value of these assets. The carrying amount of receivables is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Consolidated Statement of Operations and Municipal Equity. Subsequent recoveries of impairment losses related to receivables are credited to the Consolidated Statement of Operations and Municipal Equity.

	Current	Past due	Gross receivables	Allowances	Net receivables
Accounts receivable	\$ 1,259,539	\$ 729,722	\$ 1,989,261	\$ (1,053)	\$ 1,988,208
Taxes receivable	687,915	314,041	1,001,956	(21,220)	980,736
User charges receivable	635,997	307,551	943,548	(57,572)	885,976
	\$ 2,583,451	\$ 1,351,314	\$ 3,934,765	\$ (79,845)	\$ 3,854,920

Amounts past due but not allowed for are deemed by management to be collectible based on historical experience regarding collections.

(b) Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet all of its cash outflow obligations as they come due. The Town mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term liabilities are disclosed in note 6.

(c) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the Town's net results of operations or the fair value of its holdings of financial instruments. Market risk includes three types of risk: currency risk, interest rate risk and other price risk.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Financial risks and concentration of risks (continued):

(c) Market risk (continued):

(i) Currency risk:

Currency risk arises from the Town's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Town does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Town to cash flow interest rate risk. As the Town does not have any financial assets or financial liabilities with variable interest rates, it is not exposed to these risks.

(iii) Other price risk:

Other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The Town is not exposed to this risk as it does not hold any equity investments.

There have been no significant changes to these risk exposures from 2022.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

18. Change in accounting policies:

Financial instruments:

The Town adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments*, and PS 3450 *Financial Instruments*.

- PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Consolidated Statement of Remeasurement Gains and Losses separate from the Consolidated Statement of Operations and Accumulated Municipal Equity, when applicable. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.
- PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date.
- PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.
- PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the new Consolidated Statement of Remeasurement Gains and Losses, when applicable.

On adoption of this standard, the Consolidated Statement of Remeasurement Gains and Losses has not been included since the assets and liabilities within scope of the new standard are not measured at fair value.

In accordance with PS 3450 *Financial Instruments*, the financial statements of prior periods were not restated on transition. Consequently, the accounting policies for recognition, derecognition and measurement of financial instruments applied to the comparative information reflect those disclosed in the 2022 financial statements.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

18. Change in accounting policies (continued):

Asset retirement obligations:

On January 1, 2022, the Town adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method of adoption, the assumptions used to estimate the Town's asset retirement obligations are applied as of the date of adoption for the standard.

The Town removed the accrued landfill obligation that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care costs for the landfill site owned by the Town.

On January 1, 2022, the Town recognized an additional asset retirement obligation relating to several buildings owned by the Town that contain asbestos. The Town did not reassess the useful life of the assets as it was deemed impractical to do so.

In accordance with the provisions of this new standard, the Town reflected the following adjustments as at December 31, 2022:

2022	As previously reported	Adjustments	As restated
Consolidated Statement of Financial Position:			
Tangible capital assets	\$ 102,837,431	\$ 25,596	\$ 102,863,027
Asset retirement obligations	—	1,378,522	1,378,522
Accrued landfill closure and post-closure	1,016,837	(1,016,837)	—
Accumulated municipal equity	108,535,223	(336,089)	108,199,134
Consolidated Statement of Changes in Net Financial Assets:			
Annual surplus	6,336,139	(714,227)	5,621,912
Amortization of tangible capital assets	3,770,146	1,505	3,771,651
Change in net financial assets	4,443,964	(712,722)	3,731,242
Consolidated Statement of Operations and Accumulated Municipal Equity:			
Amortization of tangible capital assets	3,770,146	1,505	3,771,651
Accretion expense	—	40,828	40,828
Adjustment to landfill liability	(671,894)	671,894	—
Annual surplus	6,336,139	(714,227)	5,621,912

CORPORATION OF THE TOWN OF ARNPRIOR

Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 15)	2023	2022
Net transfers from (to) other funds	\$ (2,386,090)	\$ 2,611,537	\$ 1,544,024
Investment income	—	589,285	246,059
Reserves and reserve fund balances, change in year	(2,386,090)	3,200,822	1,790,083
Reserves and reserve fund balances, beginning of year	13,220,943	13,220,943	11,430,860
Reserves and reserve fund balances, end of year	\$ 10,834,853	\$ 16,421,765	\$ 13,220,943
Reserves and reserve funds are comprised of the following:			
		2023	2022
Reserves set aside for specific purposes by Council:			
Reserves set aside for specific purposes by Council:			
Working capital		\$ 901,147	\$ 667,038
Contingency		635,118	635,118
Marketing		92,806	102,396
Policing		125,000	125,000
Winter control		1,059,642	1,059,642
Elections		19,191	10,691
Protection of property		1,756	5,352
Grants		1,472	1,400
Waste		372,979	197,730
For capital purposes:			
Business improvement area		6,354	6,354
Library		409,492	180,864
		3,624,957	2,991,585
Reserve funds:			
Landfill		2,128,719	1,974,314
Parking lot		(117,931)	(127,400)
Museum		102,622	27,536
Water		2,131,088	1,207,543
Wastewater		743,351	340,098
Capital		7,658,191	6,695,974
JA Gaumond		48,273	46,234
Cemetery		102,495	65,059
		12,796,808	10,229,358
Total reserves and reserve funds		\$ 16,421,765	\$ 13,220,943



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Funds of the Town of the Town of Arnprior (the "Entity"), which comprise:

- the statement of financial position as at end of December 31, 2023
- the statement of financial activities for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies
(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of financial activities for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

July 22, 2024

TOWN OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	Cemetery care and maintenance	Neilson Trust	Total 2023	Total 2022
Assets:				
Cash	\$ —	\$ 32	\$ 32	\$ 32
Investments	772,425	52,000	824,425	796,500
Accrued interest receivable	141,000	—	141,000	110,296
Due from Town of Arnprior	30,732	—	30,732	27,925
	\$ 944,157	\$ 52,032	\$ 996,189	\$ 934,753

Liabilities and Fund Balance:

Due to Arnprior Municipal				
Cemetery	\$ 141,000	\$ —	\$ 141,000	\$ 110,296
Fund balance	803,157	52,032	855,189	824,457
	\$ 944,157	\$ 52,032	\$ 996,189	\$ 934,753

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

On behalf of the Board:

_____ Director

_____ Director

TOWN OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Activities

Year ended December 31, 2023, with comparative information for 2022

	Cemetery care and maintenance	Neilson Trust	Total 2023	Total 2022
Revenue:				
Investment income	\$ 30,704	\$ —	\$ 30,704	\$ 10,071
Care and maintenance	30,732	—	30,732	27,925
	61,436	—	61,436	37,996
Expenses:				
Cemetery maintenance	30,704	—	30,704	10,071
Excess of revenue over expenses	30,732	—	30,732	27,925
Fund balance, beginning of year	772,425	52,032	824,457	796,532
Fund balance, end of year	\$ 803,157	\$ 52,032	\$ 855,189	\$ 824,457

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

TOWN OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2023

1. Significant accounting policies:

The financial statements of the Town of the Town of Arnprior Trust Funds (the "Trusts") are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of presentation:

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

(b) Basis of accounting:

Perpetual care receipts, for the war memorial, are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Investments:

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

Interest earned on investments are reported as revenue in the period earned.

2. Statement of cash flows:

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