

Audited Consolidated Financial Statements and
Other Financial Information of

**CORPORATION OF THE
TOWN OF ARNPRIOR**

Year ended December 31, 2022

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Financial Statements

Year ended December 31, 2022

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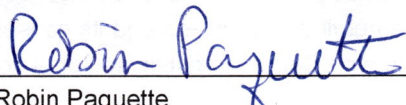
Management's Responsibility for the Consolidated Financial Statements

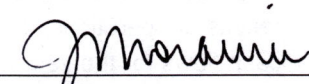
The accompanying consolidated financial statements of the Corporation of the Town of Arnprior (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant 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 AUDITORS' 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, 2022;
- 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, 2022, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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

May 8, 2023

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 23,985,563	\$ 20,333,728
Taxes receivable	944,771	689,152
User charges receivable	750,394	679,181
Accounts receivable	1,452,822	1,012,896
Investments (note 3)	1,320,375	1,022,933
	<u>28,453,925</u>	<u>23,737,890</u>
Financial liabilities:		
Accounts payable and accrued liabilities	3,241,372	1,898,185
Accrued landfill closure and post closure (note 5)	1,016,837	1,688,731
Prepaid property taxes	188,841	112,261
Deferred revenue - obligatory reserve funds (note 4)	6,895,629	6,004,813
Deferred revenues	42,527	63,730
Security deposits	679,723	738,932
Long-term liabilities (note 6)	10,827,162	12,113,368
	<u>22,892,091</u>	<u>22,620,020</u>
Net financial assets	5,561,834	1,117,870
Non-financial assets:		
Tangible capital assets (note 13)	102,637,556	100,860,793
Tangible capital assets - Library (note 13)	199,875	129,519
Inventories	135,958	85,502
Prepaid expenses	—	5,400
	<u>102,973,389</u>	<u>101,081,214</u>
Contractual obligations (note 10)		
Commitments (note 11)		
Contingent liabilities (note 12)		
Accumulated municipal equity (note 7)	<u>\$ 108,535,223</u>	<u>\$ 102,199,084</u>

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, 2022, with comparative information for 2021

	Budget 2022 (note 15)	2022	2021
Revenue:			
Property taxation	\$ 11,362,919	\$ 11,822,589	\$ 11,026,144
User charges	6,727,210	7,072,247	6,400,645
Government transfers	3,561,870	4,377,089	2,891,369
Transfers from deferred revenue - obligatory reserve funds:			
Development charges	541,700	1,533,955	1,503,118
Recreational land	–	32,800	–
Donation revenue	40,000	219,091	54,359
Licenses and permits	269,000	173,252	872,379
Investment income	59,500	158,820	49,771
Penalties and interest	159,000	159,165	156,855
Gain on disposal of tangible capital assets	–	66,078	192,418
Provincial offenses	–	27,542	24,838
Other	2,600	712	–
Total revenue	22,723,799	25,643,340	23,171,896
Expenses (note 14):			
General government	2,106,348	2,134,625	1,962,488
Protection to persons and property	2,963,263	4,068,722	3,085,159
Transportation services	3,283,566	2,601,739	2,599,356
Environmental services	6,332,420	5,765,011	5,249,363
Social and health services	230,550	278,604	255,361
Recreation and cultural services	4,271,724	4,160,760	3,899,367
Planning and development	347,250	297,740	330,137
Total expenses	19,535,121	19,307,201	17,381,231
Annual surplus	3,188,678	6,336,139	5,790,665
Accumulated municipal equity, beginning of year	102,199,084	102,199,084	96,408,419
Accumulated municipal equity, end of year	\$ 105,387,762	\$ 108,535,223	\$ 102,199,084

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, 2022, with comparative information for 2021

	Budget 2022 (note 15)	2022	2021
Annual surplus	\$ 3,188,678	\$ 6,336,139	\$ 5,790,665
Amortization of tangible capital assets	3,770,146	3,770,146	2,994,809
Acquisition of tangible capital assets	(6,549,500)	(6,020,881)	(3,513,742)
Proceeds on disposal of tangible capital assets	–	469,694	–
Gain on disposal of tangible capital assets	–	(66,078)	(192,418)
Decrease (increase) in inventories	–	(50,456)	21,352
Decrease in prepaid expenses	–	5,400	–
Change in net financial assets	409,324	4,443,964	5,100,666
Net financial assets (debt), beginning of year	1,117,870	1,117,870	(3,982,796)
Net financial assets, end of year	\$ 1,527,194	\$ 5,561,834	\$ 1,117,870

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, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Annual surplus	\$ 6,336,139	\$ 5,790,665
Item not involving cash:		
Amortization of tangible capital assets	3,770,146	2,994,809
Gain on disposal of tangible capital assets	(66,078)	(192,418)
Accrued landfill closure and post closure	(671,894)	56,126
Change in non-cash operating working capital:		
Taxes receivable	(255,619)	97,397
User charges receivable	(71,213)	(60,957)
Accounts receivable	(439,926)	(229,135)
Accounts payable and accrued liabilities	1,343,187	1,029,988
Prepaid property taxes	76,580	(6,800)
Deferred revenue - obligatory reserve funds	890,816	3,731,817
Deferred revenues	(21,203)	5,327
Security deposits	(59,209)	370,989
Prepaid expenses	5,400	–
Inventories	(50,456)	21,352
	10,786,670	13,609,160
Capital activities:		
Acquisition of tangible capital assets	(6,020,881)	(3,513,742)
Proceeds on disposal of tangible capital assets	469,694	–
	(5,551,187)	(3,513,742)
Investing activities:		
Purchase of investments	(297,442)	(35,497)
Financing activities:		
Repayment of long-term liabilities	(1,286,206)	(2,065,242)
Increase in cash	3,651,835	7,994,679
Cash, beginning of year	20,333,728	12,339,049
Cash, end of year	\$ 23,985,563	\$ 20,333,728

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, 2022

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, 2022

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, 2022

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, 2022

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) Investments:

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 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, 2022

1. Significant accounting policies (continued):

(k) Landfill closure and post-closure liabilities:

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

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

(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. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all 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) 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 liabilities for landfill closure and post-closure costs. Actual results could differ from these estimates.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022:

	School boards	County
Property taxes	\$ 2,412,941	\$ 4,676,077
Taxation from other governments	941	26,376
	<u>\$ 2,413,882</u>	<u>\$ 4,702,453</u>

For the year ended December 31, 2021:

	School boards	County
Property taxes	\$ 2,263,934	\$ 4,276,994
Payments-in-lieu of taxes	941	28,513
	<u>\$ 2,264,875</u>	<u>\$ 4,305,507</u>

3. Investments:

Investments, which consist of guaranteed investment certificates, are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest. Interest rates range between 1.00% to 4.40% (2021 - 0.60% to 2.70%) with maturity dates between March 2023 and August 2026 (2021 - May 2022 and June 2025). They have a market value of \$1,334,437 at December 31, 2022 (2021 - \$1,103,268).

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.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Deferred revenue – obligatory reserve funds (continued):

The transactions for the year are summarized below:

	Canada Community Building Fund	Development charges	Recreational land	Building department	Total
Balance, beginning of year	\$ 279,748	\$ 5,232,909	\$ 492,156	\$ –	\$ 6,004,813
Government grants	278,935	–	–	–	278,935
Contributions	–	1,528,769	131,673	1,106,927	2,767,369
Interest	3,514	94,949	6,930	–	105,393
Transfer to operations	(557,870)	(1,533,955)	(32,800)	(136,256)	(2,260,881)
Balance, end of year	\$ 4,327	\$ 5,322,672	\$ 597,959	\$ 970,671	\$ 6,895,629

5. Landfill closure and post-closure liability:

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

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems and final cover. The reported liability is based on estimates and assumptions with respect to events extending over a 42 year period using the best information available to management. Future events will result in changes to the estimated total expenses, capacity used or total capacity and the estimated liability and will be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure monitoring activities using an assumed rate of 3.27% (2021 - 2.86%) for inflation and a discount factor of 3.50% (2021 - 3.14%). The estimated total landfill closure and post-closure expenses are estimated to be \$1,183,429 (2021 - \$2,167,694). The Town currently has one active landfill site. The estimated liability for these expenses is recognized as the landfill capacity is used. Included in liabilities at December 31, 2022 is an amount of \$1,016,837 (2021 - \$1,688,731) with respect to landfill closure and post-closure obligations recognized to date.

The estimated average remaining capacity of the landfill site is 16% (2021 - 18%) of the total estimated capacity and the estimated average remaining life of the landfill sites is 17 years (2021 - 18 years), after which the period for post-closure care is estimated to be 25 years.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Long-term liabilities:

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

	2022	2021
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:	\$ 10,827,162	\$ 12,113,368

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

2023	\$ 1,337,069
2024	1,390,119
2025	1,324,849
2026	1,218,273
2027	1,111,166
Thereafter	4,445,686
	\$ 10,827,162

- (c) Interest expense on long term liabilities in 2022 amounted to \$472,924 (2021 - \$489,650).

- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

7. Municipal equity:

	2022	2021
Investment in tangible capital assets:		
Tangible capital assets	\$ 102,837,431	\$ 100,990,312
Long-term debt	(10,827,162)	(12,113,368)
	92,010,269	88,876,944
Unrestricted surplus	4,320,848	3,580,011
Unfunded landfill closure (note 5)	(1,016,837)	(1,688,731)
Reserves (Schedule 1)	2,991,585	2,896,138
Reserve funds (Schedule 1)	10,229,358	8,534,722
Total accumulated municipal equity	\$ 108,535,223	\$ 102,199,084

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Trust funds:

Trust funds administered by the Town amounting to \$824,457 (2021 - \$796,532) 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, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

The amount contributed to OMERS was \$396,599 (2021 - \$385,055) 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 2022 for police services was \$1,680,190 (2021 - \$1,761,063).
- (b) The Town has negotiated a multi-year contract with Tomlinson Environmental Services for the operation and supervision of the Solid Waste Disposal Site. The contract commenced September of 2016 and will end August 2023. The amount paid in 2022 for these services was \$339,789 (2021 - \$298,451).

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Contractual obligations (continued):

- (c) The Town has entered into a multi-year contract with Topps Environmental Solutions (803836 Ontario Inc.) for the collection of recycling. The contract commenced August 3, 2021 and is for a three year period with the option of two one year extensions. The Town's annual commitment is estimated based on the number of households and is adjusted annually for inflation and fuel surcharges. The 2022 payments for recycling collection were \$287,305 (2021 - \$191,066).
- (d) 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 March 13, 2017 and is for a five year period with the option of two one year extensions. The contract was extended for one year to March 31, 2023. The Town's annual commitment is estimated based on the number of households and is adjusted annually for inflation and fuel surcharges. The 2022 payments for garbage collection were \$189,725 (2021 - \$145,552).

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, 2022. 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, 2022 (2021 - \$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, 2022, 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, 2022

13. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 1,650,155	\$ —	\$ —	\$ 1,650,155
Land improvements	1,466,150	498,851	(9,706)	1,955,295
Buildings	70,821,088	1,079,381	(294,364)	71,606,105
Machinery and equipment	3,750,826	305,728	(124,544)	3,932,010
Vehicles	3,595,162	398,954	(180,952)	3,813,164
Linear assets	72,842,442	3,105,705	(540,739)	75,407,408
Construction in progress	193,036	758,564	(126,302)	825,298
Total	\$ 154,318,859	\$ 6,147,183	\$ (1,276,607)	\$ 159,189,435

Accumulated amortization	Balance at December 31, 2021	Amortization	Disposals	Balance at December 31, 2022
Land improvements	\$ 689,874	\$ 67,971	\$ —	\$ 757,845
Buildings	28,244,039	1,938,647	(199,703)	29,982,983
Machinery and equipment	2,078,262	249,086	(124,544)	2,202,804
Vehicles	1,497,502	195,442	(174,973)	1,517,971
Linear assets	20,818,870	1,319,000	(247,469)	21,890,401
Total	\$ 53,328,547	\$ 3,770,146	(746,689)	\$ 56,352,004

	Net book value, 2021	Net book value, 2022
Land	\$ 1,650,155	\$ 1,650,155
Land improvements	776,276	1,197,450
Buildings	42,577,049	41,623,122
Machinery and equipment	1,672,564	1,729,206
Vehicles	2,097,660	2,295,193
Linear assets	52,023,572	53,517,007
Construction in progress	193,036	825,298
Total	\$ 100,990,312	\$ 102,837,431

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022

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
Revenue:								
Property taxation	\$ 824,196	\$ 10,998,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,822,589
User charges	5,278,279	71,284	105,627	72,215	15,831	1,437,054	91,957	7,072,247
Government transfers	158,676	1,607,700	-	38,350	-	614,433	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
Donation revenue	-	-	-	-	-	219,091	-	219,091
Licenses and permits	-	30,273	-	-	142,979	-	-	173,252
Investment income	-	148,543	10,071	-	-	206	-	158,820
Penalties and interest	29,242	129,923	-	-	-	-	-	159,165
Gain (loss) on disposal of tangible capital assets								
capital assets	(135,170)	459,988	-	-	-	(94,661)	(164,079)	66,078
Provincial offences	-	-	-	-	27,542	-	-	27,542
Other	-	-	-	-	-	712	-	712
	6,925,392	13,446,104	115,698	110,565	262,008	2,356,065	2,427,508	25,643,340
Expenses:								
Salaries, wages and employee benefits	1,155,197	1,331,918	93,908	155,422	798,278	2,216,190	822,693	6,573,606
Interest on long-term liabilities	439,290	-	-	-	30,485	-	3,149	472,924
Materials and services	1,861,392	730,534	21,271	142,318	3,064,298	1,502,952	942,035	8,264,800
Amortization	2,138,414	59,448	-	-	169,661	406,755	995,868	3,770,146
External transfers	-	18,725	120,000	-	-	32,000	55,000	225,725
Inter-functional adjustments	170,718	(6,000)	43,425	-	6,000	2,863	(217,006)	-
	5,765,011	2,134,625	278,604	297,740	4,068,722	4,160,760	2,601,739	19,307,201
Annual surplus (deficit)	\$ 1,160,381	\$ 11,311,479	\$ (162,906)	\$ (187,175)	\$ (3,806,714)	\$ (1,804,695)	\$ (174,231)	\$ 6,336,139

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Segmented information (continued):

For the year ended December 31, 2021	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	\$ 780,612	\$ 10,245,532	\$ -	\$ -	\$ -	\$ -	\$ -	11,026,144
User charges	5,286,224	50,299	94,796	33,479	26,659	820,409	88,779	6,400,645
Government transfers	98,963	1,648,788	-	-	6,700	286,516	850,402	2,891,369
Transfers from deferred revenue -								
obligatory reserve funds:								
Development charges	768,881	-	-	-	151,312	-	582,925	1,503,118
Recreational land	-	-	-	-	-	-	-	-
Donation revenue	-	-	-	-	-	54,359	-	54,359
Licenses and permits	-	8,132	-	-	864,247	-	-	872,379
Investment income	-	40,590	9,181	-	-	-	-	49,771
Penalties and interest	23,935	132,920	-	-	-	-	-	156,855
Gain on disposal of tangible capital assets								
capital assets	27,009	-	-	-	47,322	16,900	101,187	192,418
Provincial offences	-	-	-	-	24,838	-	-	24,838
Other	-	-	-	-	-	-	-	-
	6,985,624	12,126,261	103,977	33,479	1,121,078	1,178,184	1,623,293	23,171,896
Expenses:								
Salaries, wages and employee benefits	1,189,193	1,305,172	75,162	214,382	717,473	2,047,947	774,787	6,324,116
Interest on long-term liabilities	448,569	-	-	-	33,359	-	7,722	489,650
Materials and services	2,075,631	569,635	17,271	115,755	2,164,205	1,476,703	935,079	7,354,279
Amortization	1,406,064	76,304	-	-	164,122	339,369	1,008,950	2,994,809
External transfers	-	17,377	120,000	-	-	21,000	60,000	218,377
Inter-functional adjustments	129,906	(6,000)	42,928	-	6,000	14,348	(187,182)	-
	5,249,363	1,962,488	255,361	330,137	3,085,159	3,899,367	2,599,356	17,381,231
Annual surplus (deficit)	\$ 1,736,261	\$ 10,163,773	\$ (151,384)	\$ (296,658)	\$ (1,964,081)	\$ (2,721,183)	\$ (976,063)	\$ 5,790,665

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Budget figures:

The 2022 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 2022
Total revenue	\$ 22,723,799
Total expenses	(19,535,121)
Annual surplus	3,188,678
Amortization of tangible capital assets	3,770,146
Funds available	6,958,824
Capital expenses	(6,549,500)
Principal repayments	(1,286,208)
Decrease in operating surplus	\$ (876,884)
Allocated as follows:	
Net transfers to reserves	\$ (2,520,181)
Current year surplus	1,643,297
	\$ (876,884)

16. Comparative information:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 15)	2022	2021
Net transfers from (to) other funds	\$ (2,520,181)	\$ 1,544,024	\$ 1,546,643
Investment income	–	246,059	72,169
Reserves and reserve fund balances, change in year	(2,520,181)	1,790,083	1,618,812
Reserves and reserve fund balances, beginning of year	11,430,860	11,430,860	9,812,048
Reserves and reserve fund balances, end of year	\$ 8,910,679	\$ 13,220,943	\$ 11,430,860

Reserves and reserve funds are comprised of the following:

	2022	2021
Reserves set aside for specific purposes by Council:		
Reserves set aside for specific purposes by Council:		
Working capital	\$ 667,038	\$ 589,912
Contingency	635,118	467,927
Building	–	470,083
Marketing	102,396	65,000
Policing	125,000	124,999
Winter control	1,059,642	760,350
Elections	10,691	30,103
Protection of property	5,352	8,989
Grants	1,400	22,182
Waste	197,730	135,834
For capital purposes:		
Business improvement area	6,354	6,354
Library	180,864	214,405
	2,991,585	2,896,138
Reserve funds:		
Landfill	1,974,314	1,881,025
Parking lot	(127,400)	(139,588)
Museum	27,536	72,693
Water	1,207,543	87,393
Wastewater	340,098	187,810
Capital	6,695,974	6,293,477
JA Gaumond	46,234	45,308
Cemetery	65,059	106,604
	10,229,358	8,534,722
Total reserves and reserve funds	\$ 13,220,943	\$ 11,430,860



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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at end of December 31, 2022
- 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, 2022, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

May 8, 2023

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	Cemetery care and maintenance	Neilson Trust	Total 2022	Total 2021
Assets:				
Cash	\$ -	\$ 32	\$ 32	\$ 32
Investments	744,500	52,000	796,500	771,709
Accrued interest receivable	110,296	-	110,296	216,254
Due from Town of Arnprior	27,925	-	27,925	24,791
	<u>\$ 882,721</u>	<u>\$ 52,032</u>	<u>\$ 934,753</u>	<u>\$ 1,012,786</u>
Liabilities and Fund Balance:				
Due to Arnprior Municipal				
Cemetery	\$ 110,296	\$ -	\$ 110,296	\$ 216,254
Fund balance	772,425	52,032	824,457	796,532
	<u>\$ 882,721</u>	<u>\$ 52,032</u>	<u>\$ 934,753</u>	<u>\$ 1,012,786</u>

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

On behalf of the Board:

_____ Director

_____ Director

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Activities

Year ended December 31, 2022, with comparative information for 2021

	Cemetery care and maintenance	Neilson Trust	Total 2022	Total 2021
Revenue:				
Investment income	\$ 10,071	\$ –	\$ 10,071	\$ 9,181
Care and maintenance	27,925	–	27,925	24,791
	<u>37,996</u>	<u>–</u>	<u>37,996</u>	<u>33,972</u>
Expenses:				
Cemetery maintenance	(10,071)	–	(10,071)	9,181
Excess of revenue over expenses	<u>27,925</u>	<u>–</u>	<u>27,925</u>	<u>24,791</u>
Fund balance, beginning of year	744,500	52,032	796,532	771,741
Fund balance, end of year	<u>\$ 772,425</u>	<u>\$ 52,032</u>	<u>\$ 824,457</u>	<u>\$ 796,532</u>

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

CORPORATION OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

The financial statements of the Corporation 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.