

Consolidated Financial Statements

**CORPORATION OF THE TOWN OF
ARNPRIOR**

Year ended December 31, 2011

CORPORATION OF THE TOWN OF ARNPRIOR

Year ended December 31, 2011

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

The Corporation'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 the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee 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 their approval of the consolidated financial statements.

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

Michael Wildman
Chief Administrative Officer

Jennifer Morawiec
Director of Corporate Service/Treasurer



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Arnprior (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations and accumulated municipal equity, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Town of Arnprior as at December 31, 2011, and its consolidated results of operations, consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 10, 2013

Ottawa, Canada

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Financial assets:		
Cash	\$ 4,977,681	\$ 4,013,887
Taxes receivable	1,427,453	1,335,744
Water and sewer billings receivable	1,032,460	1,471,858
Accounts receivable	1,715,376	4,879,097
Investments, at cost (note 4)	1,034,075	960,000
	<u>10,187,045</u>	<u>12,660,586</u>
Financial liabilities:		
Temporary loans – 14,175,766		
Accounts payable and accrued liabilities	2,033,373	4,480,995
Deferred revenue - obligatory reserve funds (note 5)	1,076,677	486,957
Deferred revenue - other	381,740	134,924
Accrued vacation pay	65,000	65,000
Landfill site closure and post-closure costs (note 6)	1,556,036	1,556,036
Net long-term liabilities (note 7)	21,048,390	5,538,321
	<u>26,161,216</u>	<u>26,437,999</u>
Net debt	(15,974,171)	(13,777,413)
Non-financial assets:		
Prepaid expenses	5,267	10,095
Inventories of supplies	52,207	41,923
Tangible capital assets (note 8)	55,903,690	51,075,516
Total non-financial assets	<u>55,961,164</u>	<u>51,127,534</u>
Contractual obligations (note 9)		
Contingent liabilities (note 10)		
Accumulated municipal equity (note 11)	<u>\$ 39,986,993</u>	<u>\$ 37,350,121</u>

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011	Actual 2011	Actual 2010
	(Unaudited, note 12)		
Revenue:			
Property taxation	\$ 6,890,602	\$ 7,210,293	\$ 6,990,702
Taxation from other governments	154,195	98,194	94,906
User charges	1,730,132	5,107,200	4,681,087
Government grants:			
Province of Ontario	1,376,580	2,283,351	6,599,601
Government of Canada – 917,119 5,004,280			
Other municipalities	44,880	148,511	196,431
Investment income	8,000	62,509	99,443
Donations – 23,731 95,844			
Other	103,175	213,936	287,764
Transfers from deferred revenue - obligatory reserve funds (note 5) – 152,916 768,804			
Total revenue	10,307,564	16,217,760	24,818,862
Expenses (note 13):			
General government	2,094,427	1,871,450	1,886,386
Protection to persons and property	2,882,558	2,737,520	2,781,248
Transportation services	1,595,010	2,235,048	2,317,023
Environmental services	702,470	3,461,706	4,061,878
Health and social services – 45,794 73,796			
Recreational and cultural services	2,637,496	3,060,915	2,947,798
Planning and development	173,967	168,455	231,189
Total expenses	10,085,928	13,580,888	14,299,318
Annual surplus	221,636	2,636,872	10,519,544
Accumulated municipal equity, beginning of year		37,350,121	26,830,577
Accumulated municipal equity, end of year (note 11)		\$ 39,986,993	\$ 37,350,121

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Change in Net Debt

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011	Actual 2011	Actual 2010
	(Unaudited, note 12)		
Annual surplus	\$ 221,636	\$ 2,636,872	\$ 10,519,544
Acquisition of tangible capital assets	(4,412,888)	(6,294,518)	(22,999,012)
Amortization of tangible capital assets (note 8) –	1,466,344	1,457,755	
	(4,191,252)	(2,191,302)	(11,021,713)
Decrease in prepaid expenses –	4,828	1,019	
Decrease (increase) in inventories of supplies –	(10,284)	3,689	
Change in net debt	(4,191,252)	(2,196,758)	(11,017,005)
Net debt, beginning of year		(13,777,413)	(2,760,408)
Net debt, end of year		\$ (15,974,171)	\$ (13,777,413)

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Operating transactions:		
Annual surplus	\$ 2,636,872	\$ 10,519,544
Items not involving cash:		
Amortization of tangible capital assets	1,466,344	1,457,755
Increase in landfill site closure and post-closure cost liabilities – 549,837		
	<u>4,103,216</u>	<u>12,527,136</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(91,709)	280,832
Decrease (increase) in water and sewer billings receivable	439,398	(557,773)
Decrease (increase) in accounts receivable	3,163,721	(3,944,599)
Increase (decrease) in accounts payable and accrued liabilities	(2,447,622)	2,300,032
Increase (decrease) in deferred revenue - obligatory reserve funds	589,720	(195,753)
Increase (decrease) in deferred revenue - other	246,816	(73,726)
Decrease in prepaid expenses	4,828	1,019
Decrease (increase) in inventories of supplies	(10,284)	3,689
	<u>1,894,868</u>	<u>(2,186,279)</u>
Net change in cash from operations	5,998,084	10,340,857
Capital transactions:		
Acquisition of tangible capital assets	(6,294,518)	(22,999,012)
Investing transactions:		
Net disposal (additions) of investments	(74,075)	303,000
Financing transactions:		
Increase (decrease) in temporary loans	(14,175,766)	14,175,766
Increase in long-term liabilities 15,871,170 – Principal repayments	(361,101)	(348,947)
	<u>1,334,303</u>	<u>13,826,819</u>
Increase in cash	963,794	1,471,664
Cash, beginning of year	4,013,887	2,542,223
Cash, end of year	<u>\$ 4,977,681</u>	<u>\$ 4,013,887</u>

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements

Year ended December 31, 2011

1. Accounting policies:

The consolidated financial statements of the Corporation of the Town of Arnprior (the "Town") are the responsibility of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

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

These consolidated financial statements include:

Arnprior Public Library Board

Arnprior Municipal Cemetery

Arnprior Airport Commission

Downtown Arnprior Business Improvement Area Association

(ii) Accounting for County and School Board transactions:

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(b) Accrual accounting:

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

(c) Investments:

Investments are recorded at cost plus accrued interest and amortization of 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.

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

(d) Deferred revenue:

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

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

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(f) Non-financial assets:

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

(i) Tangible capital assets:

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

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

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

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

(ii) Contributions of tangible capital assets:

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

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

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

(iv) Interest capitalization:

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

(v) Inventories of supplies:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(g) Government transfers:

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

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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

During 2011, requisitions were made by the school boards and the County of Renfrew requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

School Boards	2011	2010
Taxation and user charges	\$ 2,922,171	\$ 3,022,899
Amount transferred to school boards	\$ 2,922,171	\$ 3,022,899

County of Renfrew	2011	2010
Taxation and user charges	\$ 3,123,497	\$ 3,184,692
Payments in lieu	27,584	32,012
Amount transferred to the County of Renfrew	\$ 3,151,081	\$ 3,216,704

3. Trust funds:

Trust funds administered by the Town amounting to \$619,777 (2010 - \$604,759) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Municipal Equity.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

4. Investments:

	2011		2010	
	Cost	Market value	Cost	Market value
Guaranteed investment certificates	\$ 1,034,075	\$ 1,050,536	\$ 960,000	\$ 976,573

Investments held by the Town relate to reserve funds. The guaranteed investment certificates have interest rates ranging between 4.15% to 4.35% and maturity dates between March 2012 and March 2013.

5. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Town are summarized below:

	2011	2010
Balance, beginning of year	\$ 486,957	\$ 682,710
Investment income	25,846	22,065
Subdivider contributions	518,419	331,414
Federal gas tax grant received	219,572	219,572
Recognized as revenue:		
Grants - Province of Ontario (21,201) –		
Transfers	(152,916)	(768,804)
Balance, end of year	\$ 1,076,677	\$ 486,957
Analyzed as follows:		
Development charges	\$ 438,353	\$ 51,971
Federal gas tax	619,713	416,853
Cash in lieu of parkland	18,611	18,133
	\$ 1,076,677	\$ 486,957

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

6. Landfill site closure and post-closure liabilities:

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

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

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

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Town's average long-term borrowing rate of 5% using an inflation factor of 3%. The estimated total landfill site closure and post-closure care expenditures are calculated to be \$3,234,887. The estimated liability for these expenditures is recognized as the landfill site's capacity is used. The estimated remaining capacity of the landfill site is 236,033 cubic meters of its total estimated capacity and its estimated remaining life is 21.3 years (2010 – 15.6 years), after which the period for post-closure care is estimated to be 25 years.

Included on the Consolidated Statement of Financial Position is an accrued liability of \$1,556,036 (2010 - \$1,556,036) with respect to landfill closure and post-closure liabilities recognized to date.

The Town has reserve funds totalling \$1,556,036 (2010 - \$1,556,036) for the landfill site closure and post-closure care of the landfill site.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

7. Net long-term liabilities:

(a) Balance:

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

	2011	2010
Total long-term liabilities incurred by the Town including those incurred on behalf of municipal enterprises and outstanding at the end of the year amount to	\$ 21,048,390	\$ 5,538,321

(b) Principal repayment schedule:

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

2012	\$ 896,880
2013	934,084
2014	972,987
2015	1,013,675
2016	1,056,229
Thereafter	16,174,535
	<u>\$ 21,048,390</u>

(c) Payments for net long-term liabilities:

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

	2011	2010
Principal payments	\$ 361,101	\$ 347,308
Interest payments	248,528	264,316
	<u>\$ 609,629</u>	<u>\$ 611,624</u>

(d) Approval of long-term liabilities:

The long-term liabilities disclosed in note 7(a) issued in the name of the Town have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing of Ontario.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

8. Tangible capital assets (continued):

(a) 2011 balances and activity:

Cost	Balance at December 31, 2010	Additions	Transfers, disposals and adjustments	Balance at December 31, 2011
Land	\$ 1,645,314	\$ –	\$ –	\$ 1,645,314
Buildings and building improvements	15,700,946	32,797	2,219,321	17,953,064
Linear assets	33,065,884	362,677	201,575	33,630,136
Machinery and equipment	3,875,165	77,550	–	3,952,715
Vehicles	1,378,494	17,371	–	1,395,865
Assets under construction	24,436,907	5,804,123	(2,420,896)	27,820,134
Total	\$ 80,102,710	\$ 6,294,518	\$ –	\$ 86,397,228

Accumulated amortization	Balance at December 31, 2010	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2011
Buildings and building improvements	\$ 9,276,135	\$ 290,352	\$ –	\$ 9,566,487
Linear assets	16,964,357	837,052	–	17,801,409
Machinery and equipment	1,895,921	222,543	–	2,118,464
Vehicles	890,781	116,397	–	1,007,178
Total	\$ 29,027,194	\$ 1,466,344	\$ –	\$ 30,493,538

	Net book value December 31, 2010	Net book value December 31, 2011
Land	\$ 1,645,314	\$ 1,645,314
Buildings and building improvements	6,424,811	8,386,577
Linear assets	16,101,527	15,828,727
Machinery and equipment	1,979,244	1,834,251
Vehicles	487,713	388,687
Assets under construction	24,436,907	27,820,134
Total	\$ 51,075,516	\$ 55,903,690

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

8. Tangible capital assets:

(b) 2010 balances and activity:

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

8. Tangible capital assets (continued):

(c) Assets under construction:

Assets under construction having a value of \$27,820,134 (2010 - \$24,436,907) have not been amortized. Amortization of these assets will commence when the asset is available to be put into service.

(d) Works of art and historical treasures:

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

(e) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2010 - \$Nil).

9. Contractual obligations:

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

Pursuant to a multi-year contract for curbside waste collection ending 2014, the Town is committed to annual payments of \$153,996 in 2012, \$150,106 in 2013 and \$101,569 in 2014.

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

10. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2011, management believes that the Town has valid defences and appropriate 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 financial statements.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

11. Accumulated municipal equity:

	2011	2010
Operating surplus (deficit) breakdown:		
General operating fund	\$ 428,067	\$ 30,866
Unfunded liability – accrued vacation pay (65,000) (65,000)		
Unfunded liability – landfill site closure and post-closure costs	(1,556,036)	(1,556,036)
Arnprior Business Improvement Area	93,334	77,606
Arnprior Public Library Board	1	1
Arnprior Municipal Cemetery	134,805	143,361
Arnprior Airport Commission	114,816	99,504
Total operating deficit	(850,013)	(1,269,698)
Reserves set aside for specific purposes by Council:		
Working capital	2,701,461	2,176,853
Acquisition of tangible capital assets	667,655	347,031
Recreation and cultural facilities	11,187	11,187
Other	166,064	166,637
Total reserves	3,546,367	2,701,708
Reserve funds set aside for specific purposes by Council:		
Landfill site closure and post-closure care	1,162,288	1,082,728
Capital expenditures – Arnprior Hydro Reserve Fund	6,357,619	6,421,146
Other	189,263	307,544
Total reserve funds	7,709,170	7,811,418
Investment in tangible capital assets:		
Tangible capital assets	55,903,690	51,075,516
Net long-term liabilities	(21,048,390)	(5,538,321)
Temporary loans	–	(14,175,766)
Capital expenditures to be financed	(5,273,831)	(3,254,736)
Investment in tangible capital assets	29,581,469	28,106,693
Total accumulated municipal equity	\$ 39,986,993	\$ 37,350,121

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

12. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2011 operating and capital budgets approved by Council on December 21, 2011. Amortization of tangible capital assets was not contemplated on development of the budget and, as such, has not been included. The approved budget to the budget figures reported in these consolidated financial statements is listed below:

	2011 Budget (unaudited)
Reported on statement of operations:	
Operating revenue	\$ 10,307,564
Operating expenses	10,085,928
Annual surplus	221,636
Reported on statement of change in net debt:	
Acquisition of tangible capital assets	(4,412,888)
Total budgeted deficit on statements	\$ (4,191,252)
Budget not reported on statements:	
Capital revenue – debentures	\$ 733,758
Capital revenue – grants	2,693,710
Capital revenue – reserve and reserve fund transfers	985,420
Payment of internally financed debt	(221,636)
Total budgeted surplus not reported on statement	\$ 4,191,252

13. Expenses:

	2011	2010
Expenses by object:		
Salaries, wages and employee benefits	\$ 4,659,498	\$ 4,453,923
Interest on long-term liabilities	255,839	416,943
Materials	1,965,218	1,905,854
Contracted services	5,168,313	6,010,218
Rents and financial	36,786	19,221
Transfers to others	28,890	35,404
Amortization of tangible capital assets	1,466,344	1,457,755
Total	\$ 13,580,888	\$ 14,299,318

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

14. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for current service in 2011 was \$193,511 (2010 - \$168,504).

15. Comparative figures:

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

16. Segmented information:

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

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

(a) General Government:

Includes administration, corporate services and governance of the Town. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection to Persons and Property:

Includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and animal control services.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

(c) Transportation Services:

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(c) Environmental Services:

Includes the management and maintenance of water treatment and distribution, wastewater treatment, sanitary and storm water sewers, solid waste and recycling collection and landfill site operations.

(d) Health and Social Services:

Includes the management and maintenance of Cemeteries.

(e) Recreation and Cultural Services:

Provides services that contribute to neighbourhood development and sustainability through; the provision of recreation and leisure programs and facilities including community halls, parks, recreation fields and the arena; and through Library and museum facilities and programs.

(g) Planning and Development:

Manages development for business interests, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan. This segment also includes the business improvement area activities.

For each segment separately reported, the segment revenue and 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. These municipal services are funded primarily by property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Schedule of Segment Information

Year ended December 31, 2011

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health and Social Services	Recreational and Cultural Services	Planning and Development	Total
Non-taxation revenue:								
User charges	\$ 334,140	\$ -	\$ 119,179	\$ 3,469,460	\$ -	\$ 1,139,740	\$ 44,681	\$ 5,107,200
Government grants:								
Province of Ontario	9,720	-	1,312,700	939,271	-	21,660	-	2,283,351
Government of Canada	-	-	-	887,633	-	29,486	-	917,119
Other municipalities	-	-	-	-	-	148,511	-	148,511
Investment income	62,509	-	-	-	-	-	-	62,509
Donations	23,731	-	-	-	-	-	-	23,731
Other	213,936	-	-	-	-	-	-	213,936
Transfer from deferred revenue - obligatory reserve funds	152,916	-	-	-	-	-	-	152,916
	796,952	-	1,431,879	5,296,364	-	1,339,397	44,681	8,909,273
Expenses:								
Salaries, wages and employee benefits	958,080	387,425	806,179	588,484	34,708	1,755,031	129,591	4,659,498
Long-term debt interest	-	-	-	255,839	-	-	-	255,839
Materials	61,315	85,605	394,307	730,301	7,568	674,234	11,888	1,965,218
Contracted services	797,095	2,149,447	423,500	1,357,972	3,518	409,804	26,976	5,168,312
Rents and financial Transfers to others	-	-	-	36,786	-	-	-	36,786
Amortization of tangible capital assets	54,960	115,043	611,062	492,324	-	192,955	-	1,466,344
	1,871,450	2,737,520	2,235,048	3,461,706	45,794	3,060,915	168,455	13,580,888
Net segment revenue (expenses)	(1,074,498)	(2,737,520)	(803,169)	1,834,658	(45,794)	(1,721,518)	(123,774)	(4,671,615)
Taxation revenue:								
Property taxation								7,210,293
Taxation from other governments								98,194
Annual surplus								\$ 2,636,872

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

Financial Statements of

**TOWN OF ARNPRIOR – TRUST
FUNDS**

Year ended December 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Town of Arnprior (the "Town"), which comprise the statement of financial position as at December 31, 2011 and statement of fund continuity of the Trust Funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Arnprior as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 10, 2013

Ottawa, Canada

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds Statement of Financial Position

December 31, 2011, with comparative figures for 2010

Name of Funds	Care and maintenance	Neilson trust	Total 2011	Total 2010
Assets				
Cash	\$ 28	\$ 32	\$ 60	\$ 60
Investment in bonds at cost:				
Canada 200 – 200 200				
Municipal and other corporate 355,675 – 355,675	342,982			
Guaranteed investment certificates and term deposits	199,122	52,000	251,122	251,116
Accrued interest receivable 171,846 – 171,846	164,089			
	726,871	52,032	778,903	758,447
Other:				
Due from Town of Arnprior (note 3) 12,720 – 12,720	10,401			
	\$ 739,591	\$ 52,032	\$ 791,623	\$ 768,848

Liabilities and Fund Balance

Due to Arnprior				
Municipal Cemetery \$ 171,846 \$ – \$ 171,846 \$ 164,089				
Fund balance	567,745	52,032	619,777	604,759
	\$ 739,591	\$ 52,032	\$ 791,623	\$ 768,848

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

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds Statement of Fund Continuity

Year ended December 31, 2011, with comparative figures for 2010

	Care and maintenance	Neilson trust	Total 2011	Total 2010
Fund balance, beginning of year	\$ 552,727	\$ 52,032	\$ 604,759	\$ 585,559
Capital receipts:				
Care and maintenance	15,018 – 15,018	19,200		
Revenue:				
Investment income	19,911	1,416	21,327	25,928
	587,656	53,448	641,104	630,687
Expenditures:				
Cemetery maintenance	19,911	1,416	21,327	25,928
Fund balance, end of year	\$ 567,745	\$ 52,032	\$ 619,777	\$ 604,759

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, 2011

1. Significant accounting policies:

The financial statements of the Trust Funds are the representation of management prepared in accordance with Canadian public sector accounting standards.

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

2. Investments:

The investments totalling \$778,843 (2010 - \$758,387) reported on the Statement of Financial Position at cost, have a market value of \$791,505 (2010 - \$762,156) at the end of the year.

3. Due from Town of Arnprior:

The amount due from the Town of Arnprior bears interest at the prime rate less 1.9% and is payable on demand. During the year, interest of \$Nil (2010 - \$75) was received from the Town of Arnprior, which is included in investment income.

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

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

Financial Statements

**DOWNTOWN ARNPRIOR
BUSINESS IMPROVEMENT AREA
ASSOCIATION**

Year ended December 31, 2011



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Downtown Arnprior Business Improvement Area Association (the "Association"), which comprise the statement of financial position as at December 31, 2011, the statements of operations and accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Downtown Arnprior Business Improvement Area Association as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 10, 2013

Ottawa, Canada

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Financial assets:		
Cash	\$ 77,708	\$ 63,114
Accounts receivable – 46		
Due from the Corporation of the Town of Arnprior (note 2)	36,628	36,426
	114,336	99,586
Financial Liabilities:		
Accounts payable – 100		
Due to the Corporation of the Town of Arnprior – 1,123		
	– 1,223	
Net financial assets	114,336	98,363
Non-financial assets:		
Tangible capital assets (note 3)	569	814
Net financial assets and accumulated surplus (note 4)	\$ 114,905	\$ 99,177

See accompanying notes to the financial statements.

On behalf of the Downtown Arnprior Business Improvement Area Association:

_____ Member

_____ Member

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011	Actual 2011	Actual 2010
	(Unaudited, note 5)		
Revenue:			
Municipal tax levy	\$ 31,855	\$ 36,628	\$ 36,426
Advertising and other – 2,584 940			
Interest – 152 263			
	31,855	39,364	37,629
Expenses:			
Services	23,625	11,793	11,346
Materials and supplies	35,130	10,234	9,033
Donations	500	1,400	1,000
Depreciation – 163 –			
Financial	100	46	160
	59,355	23,636	21,539
Annual surplus (deficit)	(27,500)	15,728	16,090
Accumulated surplus, beginning of year		99,177	83,087
Accumulated surplus, end of year		\$ 114,905	\$ 99,177

See accompanying notes to the financial statements.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2011

1. Significant accounting policies:

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

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

(a) Reporting entity:

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

(b) Revenue and expense recognition:

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

(c) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful Life
Furniture and equipment	5 - 20 years

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

(i) Contributions of tangible capital assets:

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

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies:

(c) Non-financial assets (continued):

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

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

(d) Use of estimates:

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

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

At year end, the Association had an amount due from the Corporation of the Town of Arnprior of \$36,628 (2010 - \$36,426) representing the net balance of cash receipts and payments processed by the Town on behalf of the Association.

3. Tangible capital assets:

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Furniture and equipment	\$ 814	\$ 245	\$ 569	\$ 814

Cost and accumulated depreciation at December 31, 2010 amount to \$814 and \$Nil respectively.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2011

4. Accumulated surplus:

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

	2011	2010
Operating	\$ 93,334	\$ 77,606
Reserves:		
Working capital	6,306	6,306
Street improvements	15,265	15,265
	21,571	21,571
Accumulated surplus	\$ 114,905	\$ 99,177

5. Budget figures:

Budget figures are computed from the 2011 fiscal year operating budget approved by the Association. Budget figures have not been audited and are presented for information purposes.

6. Statement of changes in net financial assets and cash flows:

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

7. Comparative figures:

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

Financial Statements

**ARNPRIOR MUNICIPAL
CEMETERY**

Year ended December 31, 2011



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Arnprior Municipal Cemetery, which comprise the statement of financial position as at December 31, 2011, the statement of operations and accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Arnprior Municipal Cemetery as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 10, 2013

Ottawa, Canada

ARNPRIOR MUNICIPAL CEMETERY

Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Financial assets:		
Due from the Care and Maintenance Trust Fund	\$ 171,846	\$ 164,089
Financial liabilities:		
Accounts payable	950	1,000
Due to the Corporation of the Town of Arnprior (note 2)	25,926	9,562
Deferred revenue	10,165	10,166
	37,041	20,728
Net financial assets and accumulated surplus	\$ 134,805	\$ 143,361

See accompanying notes to the financial statements.

On behalf of the Arnprior Municipal Cemetery:

_____ Member

_____ Member

ARNPRIOR MUNICIPAL CEMETERY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011	Actual 2011	Actual 2010
	(Unaudited, note 3)		
Revenue:			
Care and maintenance	\$ 22,200	\$ 21,327	\$ 25,928
Burial charges	32,650	41,886	44,672
Plots	17,400	14,509	24,604
	<u>72,250</u>	<u>77,722</u>	<u>95,204</u>
Expenses:			
Salaries	42,200	34,708	39,658
Services	20,150	44,003	44,678
Materials, supplies and utilities	9,900	7,567	12,336
	<u>72,250</u>	<u>86,278</u>	<u>96,672</u>
Annual deficit		(8,556)	(1,468)
Accumulated surplus, beginning of year		143,361	144,829
Accumulated surplus, end of year		<u>\$ 134,805</u>	<u>\$ 143,361</u>

See accompanying notes to the financial statements.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements

Year ended December 31, 2011

1. Significant accounting policies:

The financial statements of the Arnprior Municipal Cemetery (the "Cemetery") are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Cemetery are as follows:

(a) Reporting entity:

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

(b) Revenue and expense recognition:

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

(d) Deferred revenue:

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

(e) Use of estimates:

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

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements (continued)

Year ended December 31, 2011

2. Related party balances:

At year end, the Cemetery had an amount due to the Corporation of the Town of Arnprior of \$25,926 (2010 - \$9,562) representing the net balance of cash receipts and payments processed by the Town on behalf of the Cemetery.

3. Budget figures:

Budget figures are compiled from the 2011 fiscal year operating budget approved by the Cemetery Board. Budget figures have not been audited and are presented for information purposes.

4. Trust funds:

Trust funds relating to the Cemetery administered by the Town amounting to \$619,777 (2010 - \$604,759) have not been included in these financial statements.

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

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

Financial Statements of

**ARNPRIOR PUBLIC LIBRARY
BOARD**

Year ended December 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Members of Arnprior Public Library Board

We have audited the accompanying financial statements of Arnprior Public Library Board, which comprise the statement of financial position as at December 31, 2011, the statement of operations and accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arnprior Public Library Board as at December 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 20, 2012

Ottawa, Canada

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Financial assets:		
Cash	\$ 114,284	\$ 151,135
Accounts receivable – 69		
Investments	74,075	77,050
	<u>188,359</u>	<u>228,254</u>
Financial liabilities:		
Accounts payable and accrued liabilities	14,631	14,197
Due to the Town of Arnprior	35,003	68,758
	<u>49,634</u>	<u>82,955</u>
Net financial assets	138,725	145,299
Non-financial assets:		
Tangible capital assets	30,288	39,842
Total accumulated surplus (note 4)	<u>\$ 169,013</u>	<u>\$ 185,141</u>

See accompanying notes to the financial statements.

On behalf of the Arnprior Public Library Board:

_____ Member

_____ Member

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2011, with comparative figures for 2010

	Budget (Unaudited) note 2	2011	2010
Revenue:			
Grants - Town of Arnprior	\$ 273,379	\$ 273,379	\$ 262,063
- Township of McNab/Braeside	35,000	35,277	34,450
- Province of Ontario	15,713	15,697	15,699
- Township of Lanark Highlands	900	900	900
Fees, fines and book sales	25,750	37,069	43,849
Investment income	567	1,705	1,055
Donations	5,000	9,035	13,271
Total revenue	356,309	373,062	371,287
Expenses:			
Salaries and benefits	300,206	302,423	257,228
Books and records	45,000	47,990	48,094
Office supplies	7,300	9,385	24,656
Miscellaneous	4,200	3,083	4,342
Copier lease	2,300	1,921	1,816
Professional fees	900	910	910
Insurance	800	975	975
Telephone	4,100	3,747	3,796
Automation	6,000	6,685	7,301
Equipment and maintenance	3,000	2,516	5,486
Amortization of tangible capital assets –	9,555	10,869	
Loss on disposal of capital assets –	–	1,296	
Grant to Town of Arnprior - building expansion –	–	43,822	
Total expenses	373,806	389,190	410,591
Annual deficit	(17,497)	(16,128)	(39,304)
Accumulated surplus, beginning of year	185,141	185,141	224,445
Accumulated surplus, end of year	\$ 167,644	\$ 169,013	\$ 185,141

See accompanying notes to the financial statements.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2011

1. Significant accounting policies:

The financial statements of the Arnprior Public Library Board (the "Board") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Reporting entity:

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

(b) Revenue recognition:

Revenues from grants, fees, fines and book sales are recognized in the year in which they are earned and measurable.

Donations are reported in the period received. Donation pledges are not recorded.

(c) Expense recognition:

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(d) Investment income:

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

(e) Investments:

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

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2011

1. Significant accounting policies (continued):

(f) Tangible capital assets:

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

Asset	Useful Life
Furniture and equipment	5 - 20 year

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

(i) Contributions of tangible capital assets:

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

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

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

(g) Use of estimates:

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

2. Budget figures:

The Arnprior Public Library reviews its operating budget annually. The approved operating budget for 2011 is reflected on the Statement of Operations and Accumulated Surplus. Budget figures have not been audited and are presented for information purposes.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2011

3. Tangible capital assets:

Cost	Balance at December 31, 2010	Additions	Disposals	Balance at December 31, 2011
Furniture and equipment	\$ 73,021	\$ –	\$ –	\$ 73,021

Accumulated amortization	Balance at December 31, 2010	Disposals	Amortization	Balance at December 31, 2011
Furniture and equipment	\$ 33,178	\$ –	\$ 9,555	\$ 42,733

	Net book value December 31, 2010	Net book value December 31, 2011
Furniture and equipment	\$ 39,843	\$ 30,288

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

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

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

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2011

4. Accumulated surplus:

	2011	2010
Accumulated surplus consists of:		
Invested in tangible capital assets	\$ 30,288	\$ 39,842
Reserves:		
Future development	29,532	36,431
Norma Hall bequest	20,949	20,949
D. Macklem	5,327	5,258
Neumann bequest	7,920	7,920
Gaumond bequest	58,255	57,999
Programs	3,212	3,212
Books	13,530	13,530
Total reserves	138,725	145,299
Total accumulated surplus	\$ 169,013	\$ 185,141

The decrease in total accumulated surplus is the result of the annual deficit of \$16,128, which has been substantially recorded in future development reserve and invested in tangible capital assets.

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

The Norma Hall bequest is to fund general library operations.

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

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

The Guamond bequest is to fund general library operations.

The programs reserve is to fund childrens' programs.

The books reserve is to fund book acquisitions in future years.

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

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