

Consolidated Financial Statements

**CORPORATION OF THE TOWN OF
ARNPRIOR**

Year ended December 31, 2012

Consolidated Financial Statements

CORPORATION OF THE TOWN OF ARNPRIOR

Year ended December 31, 2012

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 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 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

Renee Couture
Acting Director of Corporate 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

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, 2012, 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, 2012, 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

December 12, 2013

Ottawa, Canada

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Financial assets:		
Cash	\$ 4,371,683	\$ 4,977,681
Taxes receivable	1,648,523	1,427,453
Water and sewer billings receivable	856,994	1,032,460
Accounts receivable	1,294,501	1,715,376
Investments, at cost (note 4)	993,527	1,034,075
	<u>9,165,228</u>	<u>10,187,045</u>
Financial liabilities:		
Accounts payable and accrued liabilities	2,106,517	2,033,373
Deferred revenue - obligatory reserve funds (note 5)	1,033,861	1,076,677
Deferred revenue - other	382,316	381,740
Accrued vacation pay	35,443	65,000
Landfill site closure and post-closure costs (note 6)	1,556,036	1,556,036
Net long-term liabilities (note 7)	20,149,664	21,048,390
	<u>25,263,837</u>	<u>26,161,216</u>
Net debt	(16,098,609)	(15,974,171)
Non-financial assets:		
Prepaid expenses	9,431	5,267
Inventories of supplies	57,784	52,207
Tangible capital assets (note 8)	56,511,235	55,903,690
Total non-financial assets	<u>56,578,450</u>	<u>55,961,164</u>
Contractual obligations (note 9)		
Contingent liabilities (note 10)		
Accumulated municipal equity (note 11)	<u>\$ 40,479,841</u>	<u>\$ 39,986,993</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, 2012, with comparative figures for 2011

	Budget 2012	Actual 2012	Actual 2011
	(note 12)		
Revenue:			
Property taxation	\$ 7,112,693	\$ 7,532,480	\$ 7,210,293
Taxation from other governments	145,000	131,841	98,194
User charges	5,453,999	5,415,122	5,107,200
Government grants:			
Province of Ontario	1,304,180	1,378,207	2,283,351
Government of Canada – 6,845 917,119			
Other municipalities	109,650	218,391	148,511
Investment income	30,200	63,232	62,509
Donations	950	123,991	23,731
Other	185,000	254,320	213,936
Transfers from deferred revenue - obligatory reserve funds (note 5) – 715,376 152,916			
Total revenue	14,341,672	15,839,805	16,217,760
Expenses (note 13):			
General government	2,363,953	1,981,761	1,871,450
Protection to persons and property	2,821,809	3,103,443	2,737,520
Transportation services	1,595,015	2,538,236	2,235,048
Environmental services	4,439,659	4,238,722	3,461,706
Health and social services – 63,164 45,794			
Recreational and cultural services	2,743,049	3,248,162	3,060,915
Planning and development	156,550	173,469	168,455
Total expenses	14,120,035	15,346,957	13,580,888
Annual surplus	221,637	492,848	2,636,872
Accumulated municipal equity, beginning of year		39,986,993	37,350,121
Accumulated municipal equity, end of year (note 11)		\$ 40,479,841	\$ 39,986,993

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Change in Net Debt

Year ended December 31, 2012, with comparative figures for 2011

	Budget 2012 (note 12)	Actual 2012	Actual 2011
Annual surplus	\$ 221,637	\$ 492,848	\$ 2,636,872
Acquisition of tangible capital assets	(1,254,500)	(2,305,069)	(6,294,518)
Amortization of tangible capital assets (note 8) –	1,697,524	1,466,344	
	(1,032,863)	(114,697)	(2,191,302)
Decrease (increase) in prepaid expenses –	(4,164)	4,828	
Increase in inventories of supplies –	(5,577)	(10,284)	
Change in net debt	(1,032,863)	(124,438)	(2,196,758)
Net debt, beginning of year		(15,974,171)	(13,777,413)
Net debt, end of year		\$ (16,098,609)	\$ (15,974,171)

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, 2012, with comparative figures for 2011

	2012	2011
Operating transactions:		
Annual surplus	\$ 492,848	\$ 2,636,872
Items not involving cash:		
Amortization of tangible capital assets	1,697,524	1,466,344
	<u>2,190,372</u>	<u>4,103,216</u>
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(221,070)	(91,709)
Decrease in water and sewer billings receivable	175,466	439,398
Decrease in accounts receivable	420,875	3,163,721
Increase (decrease) in accounts payable and accrued liabilities	73,144	(2,447,622)
Increase (decrease) in deferred revenue		
- obligatory reserve funds	(42,816)	589,720
Increase in deferred revenue - other	576	246,816
Decrease in accrued vacation pay (29,557) –		
Decrease (increase) in prepaid expenses	(4,164)	4,828
Increase in inventories of supplies	(5,577)	(10,284)
	<u>366,877</u>	<u>1,894,868</u>
Net change in cash from operations	2,557,249	5,998,084
Capital transactions:		
Acquisition of tangible capital assets	(2,305,069)	(6,294,518)
Investing transactions:		
Net disposal (additions) of investments	40,548	(74,075)
Financing transactions:		
Decrease in temporary loans – (14,175,766)		
Increase in long-term liabilities – 15,871,170		
Principal repayments	(898,726)	(361,101)
	<u>(898,726)</u>	<u>1,334,303</u>
Increase (decrease) in cash	(605,998)	963,794
Cash, beginning of year	4,977,681	4,013,887
Cash, end of year	<u>\$ 4,371,683</u>	<u>\$ 4,977,681</u>

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, 2012

1. Accounting policies:

The consolidated financial statements of the Corporation of the Town of Arnprior (the "Town") are the responsibility of management and are prepared using 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, 2012

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, 2012

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, 2012

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 2012, 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	2012	2011
Taxation and user charges	\$ 2,862,992	\$ 2,922,171
Amount transferred to school boards	\$ 2,862,992	\$ 2,922,171

County of Renfrew	2012	2011
Taxation and user charges	\$ 3,197,807	\$ 3,123,497
Payments in lieu	26,866	27,584
Amount transferred to the County of Renfrew	\$ 3,224,673	\$ 3,151,081

3. Trust funds:

Trust funds administered by the Town amounting to \$632,258 (2011 - \$619,777) 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, 2012

4. Investments:

	2012		2011	
	Cost	Market value	Cost	Market value
Guaranteed investment certificates	\$ 993,527	\$ 999,680	\$ 1,034,075	\$ 1,050,536

Investments held by the Town relate to reserve funds. The guaranteed investment certificates have interest rates ranging between 2.2% to 4.36% and maturity dates between March 2013 and June 2014.

5. Deferred revenue – obligatory reserve funds:

A requirement of Canadian public sector accounting standards 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:

	2012	2011
Balance, beginning of year	\$ 1,076,677	\$ 486,957
Investment income	38,645	25,846
Subdivider contributions	440,098	518,419
Federal gas tax grant received	219,572	219,572
Recognized as revenue:		
Grants - Province of Ontario	(25,755)	(21,201)
Transfers	(715,376)	(152,916)
Balance, end of year	\$ 1,033,861	\$ 1,076,677
Consisting of:		
Development charges	\$ 693,233	\$ 438,353
Federal gas tax	237,068	619,713
Cash in lieu of parkland	103,560	18,611
	\$ 1,033,861	\$ 1,076,677

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

6. Landfill site closure and post-closure liabilities:

The landfill site closure and post-closure liabilities represent the Town's estimate 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 ranges from 11.2 to 19.5 years (2011 – 21.3 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 (2011 - \$1,556,036) with respect to landfill closure and post-closure liabilities recognized to date.

The Town has reserve funds totalling \$1,241,613 (2011 - \$1,162,288) 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, 2012

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:

	2012	2011
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	\$ 20,149,664	\$ 21,048,390

(b) Principal repayment schedule:

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

2013	\$	934,081
2014		972,987
2015		1,013,675
2016		1,056,229
2017		1,100,734
Thereafter		15,071,958
	\$	20,149,664

(c) Payments for long-term liabilities:

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

	2012	2011
Principal payments	\$ 898,726	\$ 361,101
Interest payments	888,093	248,528
	\$ 1,786,819	\$ 609,629

(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, 2012

8. Tangible capital assets (continued):

(a) 2012 balances and activity:

Cost	Balance at December 31, 2011	Additions	Transfers, disposals and adjustments	Balance at December 31, 2012
Land	\$ 1,645,314	\$ –	\$ –	\$ 1,645,314
Buildings and building improvements	17,953,064	–	28,745,967	46,699,031
Linear assets	33,630,136	259,250	538,520	34,427,906
Machinery and equipment	3,952,715	205,578	–	4,158,293
Vehicles	1,395,865	290,048	–	1,685,913
Assets under construction	27,820,134	1,550,193	(29,284,487)	85,840
Total	\$ 86,397,228	\$ 2,305,069	\$ –	\$ 88,702,297

Accumulated amortization	Balance at December 31, 2011	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2012
Buildings and building improvements	\$ 9,566,487	\$ 578,553	\$ –	\$ 10,145,040
Linear assets	17,801,409	835,286	–	18,636,695
Machinery and equipment	2,118,464	171,504	–	2,289,968
Vehicles	1,007,178	112,181	–	1,119,359
Total	\$ 30,493,538	\$ 1,697,524	\$ –	\$ 32,191,062

	Net book value December 31, 2011	Net book value December 31, 2012
Land	\$ 1,645,314	\$ 1,645,314
Buildings and building improvements	8,386,577	36,553,991
Linear assets	15,828,727	15,791,211
Machinery and equipment	1,834,251	1,868,325
Vehicles	388,687	566,554
Assets under construction	27,820,134	85,840
Total	\$ 55,903,690	\$ 56,511,235

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

8. Tangible capital assets:

(b) 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, 2012

8. Tangible capital assets (continued):

(c) Assets under construction:

Assets under construction having a value of \$85,840 (2011 - \$27,820,134) 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 (2011 - \$Nil).

9. Contractual obligations:

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

Pursuant to a multi-year contract for curbside waste collection ending in 2014, the Town is committed to annual payments of \$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 \$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, 2012, 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 these consolidated financial statements.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

11. Accumulated municipal equity:

	2012	2011
Operating surplus (deficit) breakdown:		
General operating fund	\$ 1,820	\$ 428,067
Unfunded liability - accrued vacation pay	(35,443)	(65,000)
Unfunded liability - landfill site closure and post-closure costs	(1,556,036)	(1,556,036)
Arnprior Business Improvement Area	78,489	93,334
Arnprior Public Library Board	1	1
Arnprior Municipal Cemetery	117,553	134,805
Arnprior Airport Commission	119,406	114,816
Total operating deficit	(1,274,210)	(850,013)
Reserves set aside for specific purposes by Council:		
Working capital	2,174,462	2,701,461
Acquisition of tangible capital assets	560,972	667,655
Recreation and cultural facilities	122,299	11,187
Other	158,892	166,064
Total reserves	3,016,625	3,546,367
Reserve funds set aside for specific purposes by Council:		
Landfill site closure and post-closure care	1,241,613	1,162,288
Capital expenditures - Arnprior Hydro Reserve Fund	6,136,759	6,357,619
Other	194,250	189,263
Total reserve funds	7,572,622	7,709,170
Investment in tangible capital assets:		
Tangible capital assets	56,511,235	55,903,690
Net long-term liabilities	(20,149,664)	(21,048,390)
Capital expenditures to be financed	(5,196,767)	(5,273,831)
Investment in tangible capital assets	31,164,804	29,581,469
Total accumulated municipal equity	\$ 40,479,841	\$ 39,986,993

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

12. Budget amounts:

The budget amounts presented in these consolidated financial statements is based upon the 2012 operating and capital budgets approved by Council on February 21, 2012. In accordance with Ontario Regulation 284/09, the budget approved by Council excluded amortization of tangible capital assets expense, and as such, it is not included in the presented budget amounts. The approved budget to the budget figures reported in these consolidated financial statements is listed below:

	2012 Budget
Reported on statement of operations:	
Operating revenue	\$ 14,341,672
Operating expenses	14,120,035
Annual surplus	221,637
Reported on statement of change in net debt:	
Acquisition of tangible capital assets	1,254,500
Total budgeted deficit on statements	\$ (1,032,863)
Budget not reported on financial statements:	
Capital revenue - debentures	\$ 245,000
Capital revenue - grants	147,000
Capital revenue - reserve and reserve fund transfers	862,500
Payment of internally financed debt	(221,637)
Total budgeted surplus not reported on financial statements	\$ 1,032,863

13. Expenses:

	2012	2011
Expenses by object:		
Salaries, wages and employee benefits	\$ 5,329,259	\$ 4,659,498
Interest on long-term liabilities	888,093	255,839
Materials	2,069,943	1,965,218
Contracted services	5,264,753	5,168,313
Rents and financial	41,879	36,786
Transfers to others	55,506	28,890
Amortization of tangible capital assets	1,697,524	1,466,344
Total	\$ 15,346,957	\$ 13,580,888

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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 2012 was \$254,778 (2011 - \$193,511) and is included as an expense in the consolidated statement of operations.

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, 2012

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, 2012

	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	\$ 276,585	\$ -	\$ 202,483	\$ 3,746,248	\$ -	\$ 1,121,731	\$ 68,675	\$ 5,415,722
Government grants:								
Province of Ontario	4,680	-	1,278,600	65,959	-	28,968	-	1,378,207
Government of Canada	-	-	-	-	-	6,845	-	6,845
Other municipalities	-	-	-	-	-	218,391	-	218,391
Investment income	63,232	-	-	-	-	-	-	63,232
Donations	-	4,304	-	-	-	119,087	-	123,391
Other	254,320	-	-	-	-	-	-	254,320
Transfer from deferred revenue - obligatory reserve funds	715,376	-	-	-	-	-	-	715,376
	1,314,193	4,304	1,481,083	3,812,207	-	1,495,022	68,675	8,175,484
Expenses:								
Salaries, wages and employee benefits	1,066,164	565,739	996,791	710,515	40,310	1,848,831	100,909	5,329,259
Long-term debt interest	-	-	-	888,093	-	-	-	888,093
Materials	88,591	49,462	459,441	699,467	13,176	727,066	32,740	2,069,943
Contracted services	827,006	2,376,132	477,227	1,111,391	9,678	423,499	39,820	5,264,753
Rents and financial transfers to others	-	-	-	41,879	-	-	-	41,879
Amortization of tangible capital assets	-	112,110	604,777	787,377	-	55,506	-	55,506
	1,981,761	3,103,443	2,538,236	4,238,722	63,164	3,248,162	173,469	15,346,957
Net segment expenses	(667,568)	(3,099,139)	(1,057,153)	(426,515)	(63,164)	(1,753,140)	(104,794)	(7,171,473)
Taxation revenue:								
Property taxation								7,532,480
Taxation from other governments								131,841
Annual surplus								\$ 492,848

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

Financial Statements of

**TOWN OF ARNPRIOR – TRUST
FUNDS**

Year ended December 31, 2012



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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 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, 2012 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, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants, Licensed Public Accountants

December 12, 2013

Ottawa, Canada

CORPORATION OF THE TOWN OF ARNPRIOR

Trust Funds Statement of Financial Position

December 31, 2012, with comparative figures for 2011

Name of Funds	Care and maintenance	Neilson trust	Total 2012	Total 2011
Assets				
Cash	\$ 28	\$ 32	\$ 60	\$ 60
Investment in bonds at cost:				
Canada 200 – 200 200				
Municipal and other				
corporate 356,017 – 356,017	355,675			
Guaranteed investment				
certificates and term				
deposits	199,592	52,000	251,592	251,122
Accrued interest receivable	189,757 – 189,757	171,846		
	745,594	52,032	797,626	778,903
Other:				
Due from Town of				
Arnprior (note 3) 24,389 – 24,389	12,720			
	\$ 769,983	\$ 52,032	\$ 822,015	\$ 791,623

Liabilities and Fund Balance

Due to Arnprior				
Municipal Cemetery	\$ 189,757 \$ –	\$ 189,757 \$	171,846	
Fund balance	580,226	52,032	632,258	619,777
	\$ 769,983	\$ 52,032	\$ 822,015	\$ 791,623

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, 2012, with comparative figures for 2011

	Care and maintenance	Neilson trust	Total 2012	Total 2011
Fund balance, beginning of year	\$ 567,745	\$ 52,032	\$ 619,777	\$ 604,759
Capital receipts:				
Care and maintenance	12,481 – 12,481	15,018		
Revenue:				
Investment income	17,052	1,363	18,415	21,327
	597,278	53,395	650,673	641,104
Expenditures:				
Cemetery maintenance	17,052	1,363	18,415	21,327
Fund balance, end of year	\$ 580,226	\$ 52,032	\$ 632,258	\$ 619,777

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, 2012

1. Significant accounting policies:

The financial statements of the Trust Funds are the responsibility of management and are prepared using 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 \$607,809 (2011 - \$606,997) reported on the Statement of Financial Position at cost, have a market value of \$797,565 (2011 - \$791,505) 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 (2011 - \$Nil) was received from the Town of Arnprior.

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 they would not provide additional meaningful information.

Financial Statements

**DOWNTOWN ARNPRIOR
BUSINESS IMPROVEMENT AREA
ASSOCIATION**

Year ended December 31, 2012



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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, 2012, 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, 2012, 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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants, Licensed Public Accountants

December 12, 2013

Ottawa, Canada

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Financial assets:		
Cash	\$ 63,867	\$ 77,708
Due from the Corporation of the Town of Arnprior (note 2)	35,787	36,628
Net financial assets	99,654	114,336
Non-financial assets:		
Tangible capital assets (note 3)	406	569
Net financial assets and accumulated surplus (note 4)	\$ 100,060	\$ 114,905

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, 2012, with comparative figures for 2011

	Budget 2012	Actual 2012	Actual 2011
	(note 5)		
Revenue:			
Municipal tax levy	\$ 31,855	\$ 35,787	\$ 36,628
Advertising and other – 500 2,584			
Interest – 143 152			
	31,855	36,430	39,364
Expenses:			
Services	23,625	16,946	11,793
Materials and supplies	35,130	19,488	10,234
Donations	500	12,000	1,400
Advertising – 2,632 –			
Depreciation – 163 163			
Financial	100	46	46
	59,355	51,275	23,636
Annual surplus (deficit)	(27,500)	(14,845)	15,728
Accumulated surplus, beginning of year		114,905	99,177
Accumulated surplus, end of year		\$ 100,060	\$ 114,905

See accompanying notes to the financial statements.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2012

1. Significant accounting policies:

The financial statements of the Downtown Arnprior Business Improvement Area Association (the "Association") are the responsibility of management, and are prepared using 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, 2012

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 \$35,787 (2011 - \$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	2012 Net book value	2011 Net book value
Furniture and equipment	\$	814	\$ 408	\$ 406	\$ 569

Cost and accumulated depreciation at December 31, 2011 amount to \$814 and \$245 respectively.

DOWNTOWN ARNPRIOR BUSINESS IMPROVEMENT AREA ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2012

4. Accumulated surplus:

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

	2012	2011
Operating	\$ 78,489	\$ 93,334
Reserves:		
Working capital	6,306	6,306
Street improvements	15,265	15,265
	21,571	21,571
Accumulated surplus	\$ 100,060	\$ 114,905

5. Budget amounts:

Budget amounts are presented for information purposes and have been compiled from the 2012 fiscal year operating budget approved by the Association.

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, 2012



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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, 2012, 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, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Accountants, Licensed Public Accountants

December 12, 2013

Ottawa, Canada

ARNPRIOR MUNICIPAL CEMETERY

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Financial assets:		
Due from the Care and Maintenance Trust Fund	\$ 189,757	\$ 171,846
Financial liabilities:		
Accounts payable	950	950
Due to the Corporation of the Town of Arnprior (note 2)	61,089	25,926
Deferred revenue	10,165	10,165
	<u>72,204</u>	<u>37,041</u>
Net financial assets and accumulated surplus	\$ 117,553	\$ 134,805

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, 2012, with comparative figures for 2011

	Budget 2012	Actual 2012	Actual 2011
	(note 3)		
Revenue:			
Care and maintenance	\$ 22,200	\$ 18,418	\$ 21,327
Burial charges	32,650	42,399	41,886
Plots	17,400	13,897	14,509
	<u>72,250</u>	<u>74,714</u>	<u>77,722</u>
Expenses:			
Salaries	39,546	40,310	34,708
Services	23,950	38,479	44,003
Materials, supplies and utilities	9,300	13,177	7,567
	<u>72,796</u>	<u>91,966</u>	<u>86,278</u>
Annual deficit	(546)	(17,252)	(8,556)
Accumulated surplus, beginning of year		134,805	143,361
Accumulated surplus, end of year		<u>\$ 117,553</u>	<u>\$ 134,805</u>

See accompanying notes to the financial statements.

ARNPRIOR MUNICIPAL CEMETERY

Notes to Financial Statements

Year ended December 31, 2012

1. Significant accounting policies:

The financial statements of the Arnprior Municipal Cemetery (the "Cemetery") are the responsibility of management and are prepared using 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, 2012

2. Related party balances:

At year end, the Cemetery had an amount due to the Corporation of the Town of Arnprior of \$61,089 (2011 - \$25,926) representing the net balance of cash receipts and payments processed by the Town on behalf of the Cemetery.

3. Budget amounts:

Budget amounts are presented for information purposes and are compiled from the 2012 fiscal year operating budget approved by the Cemetery Board.

4. Trust funds:

Trust funds relating to the Cemetery administered by the Town amounting to \$632,258 (2011 - \$619,777) 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 they would not provide additional meaningful information.

Financial Statements of

**ARNPRIOR PUBLIC LIBRARY
BOARD**

Year ended December 31, 2012



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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, 2012, 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, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants, Licensed Public Accountants

May 15, 2013

Ottawa, Canada

ARNPRIOR PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Financial assets:		
Cash	\$ 115,079	\$ 114,284
Accounts receivable 14,263 –		
Investments	33,527	74,075
	<u>162,869</u>	<u>188,359</u>
Financial liabilities:		
Accounts payable and accrued liabilities	13,581	14,631
Due to the Town of Arnprior	23,735	35,003
	<u>37,316</u>	<u>49,634</u>
Net financial assets	125,553	138,725
Non-financial assets:		
Tangible capital assets (note 3)	23,287	30,288
Accumulated surplus (note 4)	<u>\$ 148,840</u>	<u>\$ 169,013</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, 2012, with comparative figures for 2011

	Budget (Unaudited) note 2	2012	2011
Revenue:			
Grants - Town of Arnprior	\$ 301,869	\$ 268,756	\$ 273,379
- Township of McNab/Braeside	35,000	58,614	35,277
- Province of Ontario	14,263	17,188	15,697
- Township of Lanark Highlands	900	900	900
Fees, fines and book sales	31,150	36,265	37,069
Investment income	1,471	1,431	1,705
Donations	7,550	6,977	9,035
Total revenue	392,203	390,131	373,062
Expenses:			
Salaries and benefits	306,882	317,042	302,423
Books and records	50,969	49,066	47,990
Office supplies	7,300	9,122	9,385
Miscellaneous	3,170	5,638	3,083
Copier lease	3,500	3,896	1,921
Professional fees	900	900	910
Insurance	800	800	975
Telephone	4,000	3,643	3,747
Automation	6,000	7,433	6,685
Equipment and maintenance	3,000	2,997	2,516
Amortization of tangible capital assets	9,498	9,767	9,555
Total expenses	396,019	410,304	389,190
Annual deficit	(3,816)	(20,173)	(16,128)
Accumulated surplus, beginning of year		169,013	185,141
Accumulated surplus, end of year		\$ 148,840	\$ 169,013

See accompanying notes to the financial statements.

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2012

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, 2012

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 2012 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, 2012

3. Tangible capital assets:

(a) 2012 balances and activity:

	Balance at December 31, 2011	Additions	Disposals	Balance at December 31, 2012
Cost				
Furniture and equipment	\$ 73,021	\$ 2,766	\$ –	\$ 75,787

	Balance at December 31, 2011	Disposals	Amortization	Balance at December 31, 2012
Accumulated amortization	\$ 42,733	\$ –	\$ 9,767	\$ 52,500

	Net book value December 31, 2011	Net book value December 31, 2012
Furniture and equipment	\$ 30,288	\$ 23,287

(b) 2011 balances and activity:

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

	Balance at December 31, 2010	Disposals	Amortization	Balance at December 31, 2011
Accumulated amortization	\$ 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

ARNPRIOR PUBLIC LIBRARY BOARD

Notes to Financial Statements, continued

Year ended December 31, 2012

4. Accumulated surplus:

	2012	2011
Accumulated surplus consists of:		
Invested in tangible capital assets	\$ 23,287	\$ 30,288
Reserves:		
Future development	19,673	29,532
Norma Hall bequest	18,704	20,949
D. Macklem	5,332	5,327
Neumann bequest	7,920	7,920
Gaumond bequest	58,593	58,255
Programs	2,666	3,212
Books	12,665	13,530
Total reserves	125,553	138,725
Total accumulated surplus	\$ 148,840	\$ 169,013

The decrease in total accumulated surplus is the result of the annual deficit of \$20,173, 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.