



ARNPRIOR

Town of Arnprior

Special Meeting of Council Agenda

Date: Monday, July 22nd, 2024

Time: 5:00 p.m.

Location: Council Chambers – 105 Elgin Street West, Arnprior

- 1. Call to Order**
- 2. Roll Call**
- 3. Land Acknowledgement Statement**
- 4. Adoption of Agenda (Additions / Deletions)**
- 5. Disclosures of Pecuniary Interest**
- 6. Awards / Delegations / Presentations**
 - Delegation**
 - a) [2023 Audit Findings Report](#) and [Draft 2023 Audited Consolidated Financial Statements](#), KPMG (Page 1-76)**
- 7. Staff Reports**
 - a) [Request for Award of REC-2024-04 \(Nick Smith Centre Rink Slab Replacements\)](#), Patrick Foley, Engineering Officer, Facilities and Assets, and Graeme Ivory, Director of Recreation (Page 77-83)**
- 8. By-laws & Resolutions**
 - a) By-laws**
 - i) [By-law No. 7507-24 – Adopt 2023 Audited Consolidated Financial Statements](#) (Page 84)**

ii) **By-law No. 7508-24 – Award RFP No. REC-2024-04 (Nick Smith Centre Rink Slab Replacements)** (Page 85-86)

9. Closed Session

10. Confirmatory By-law

By-law No. 7509-24 to confirm the proceedings of Council

11. Adjournment

Please note: Please see the Town's [website](#) to view the live stream. The meeting recording will also be uploaded to YouTube for future viewing.

The agenda is made available in the Clerk's Office at the Town Hall, 105 Elgin Street West, Arnprior and on the Town's [website](#). Persons wishing to receive a print item on the agenda by email, fax, or picked up by hand may request a copy by contacting the Clerk's Office at 613-623-4231 ext. 1840. The Agenda and Agenda items will be prepared in an accessible format upon request.

Full Distribution: Council, C.A.O., Managers and Town Administrative Staff

E-mail to: Metroland Media; Oldies 107.7 / My Broadcasting Corporation; Valley Heritage Radio



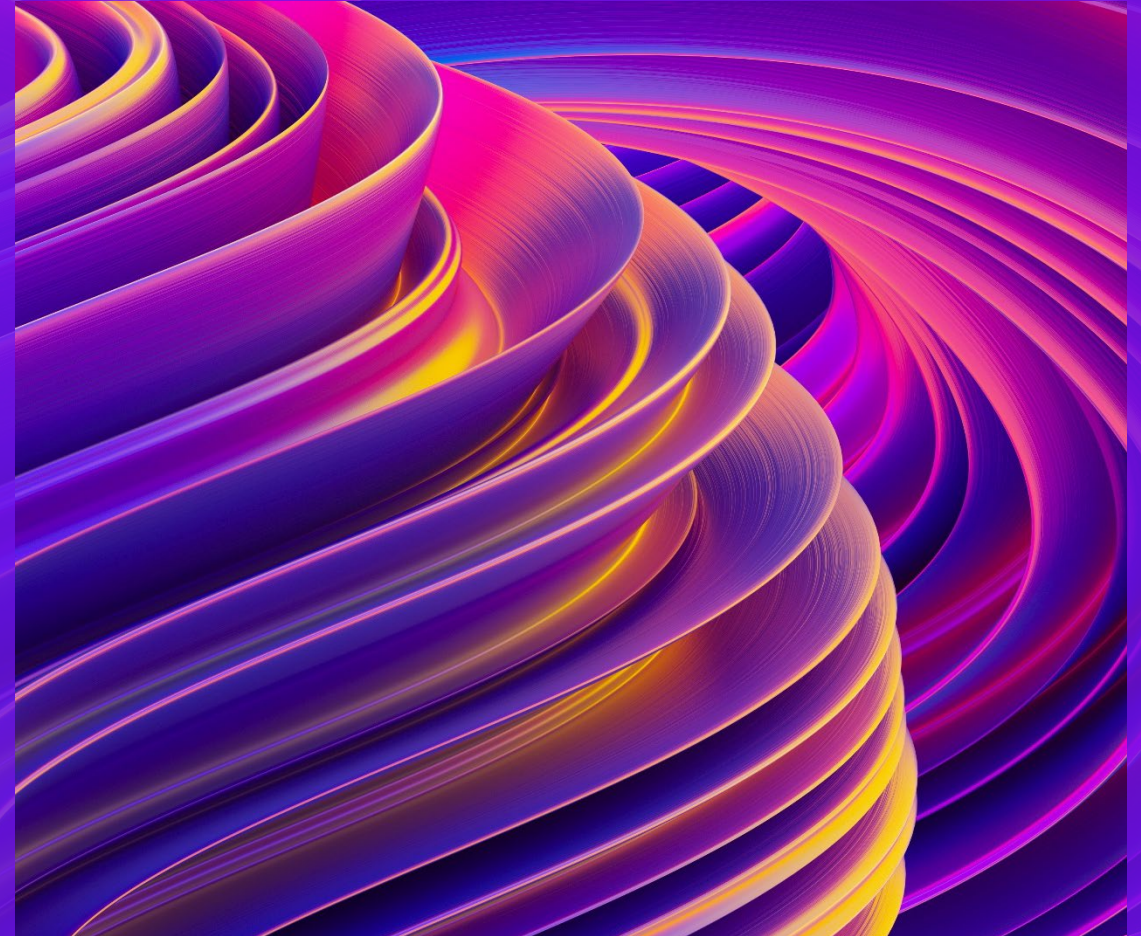
Corporation of the Town of Arnprior

**Audit Findings Report
for the year ended December 31, 2023**



Prepared as of July 16, 2024 for presentation to Council on
July 22, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Highlights	6	Status	7	Significant changes	8	Risks and results
11	Financial reporting	18	Misstatements	19	Control deficiencies	20	Policies and practices
22	Independence	23	Appendices				

The purpose of this report is to assist you, as a member of Council, in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management and the members of Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the consolidated financial statements (the “financial statements”) of the Corporation of the Town of Arnprior (the “Town”) with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.



Uncorrected misstatements

Uncorrected misstatements

- We did not identify any misstatements that remain uncorrected.



Significant changes

Significant changes since our audit plan

- There were no significant changes to our preliminary audit plan.



Corrected misstatements

Corrected misstatements

- We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.



Risks and results

Significant risks

- We did not identify any significant financial reporting risks other than the presumed risk of management override of controls. We did not identify any additional significant financial reporting risks that required additional audit procedures.

Other risks of material misstatement

Going concern matters



Control deficiencies

Significant deficiencies

Other control deficiencies



Financial reporting

Financial reporting

- We have highlighted certain aspects of the Town’s financial reporting for Council’s consideration.



Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

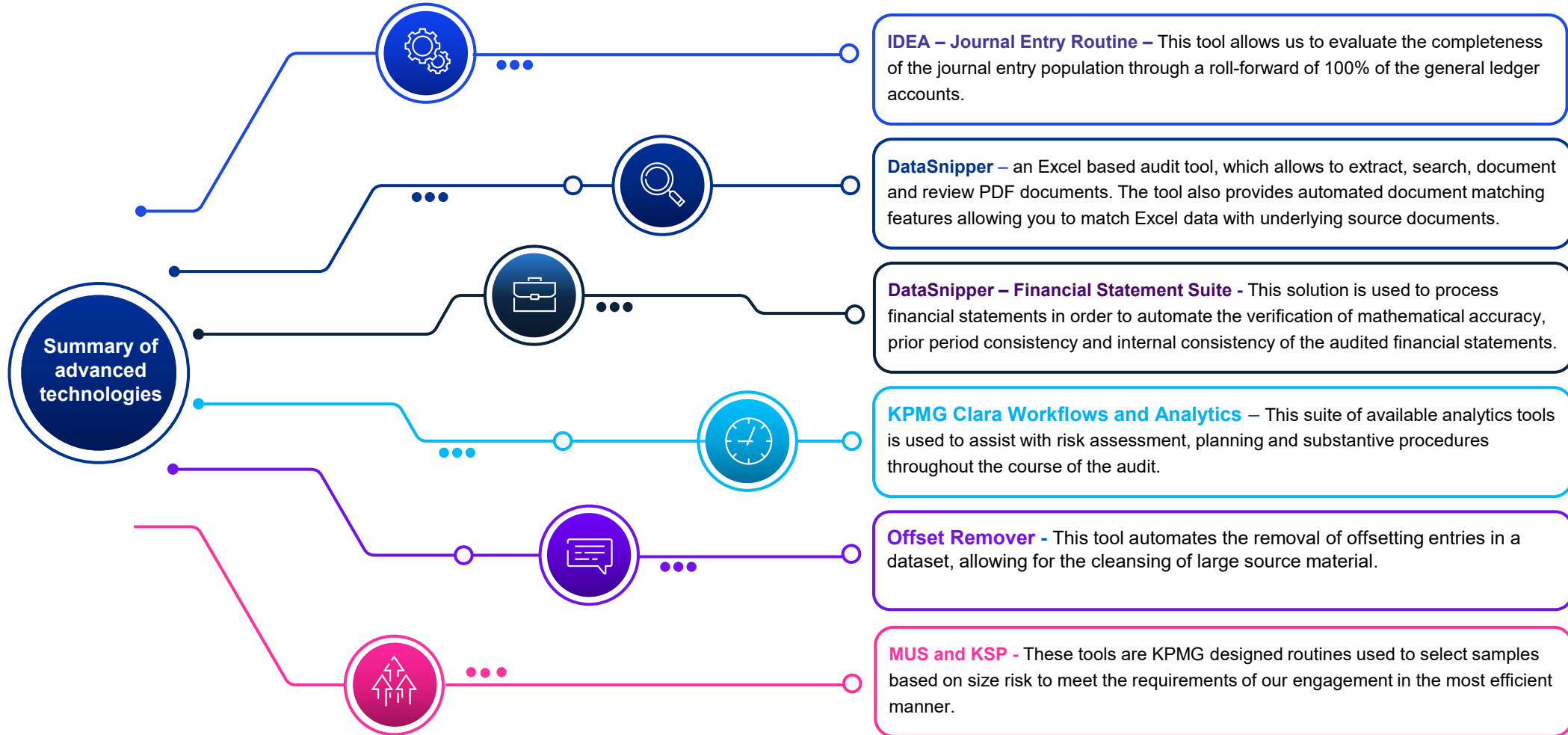
Specific topics





Technology highlights

As previously communicated in our audit planning report, we have utilized technology to enhance the quality and effectiveness of the audit.



KPMG’s software audit tools are intended to be used as internal enablement tools in conjunction with the performance of audit services. Information resulting from use of software audit tools may not be used as a basis for management’s conclusions as to the fairness of presentation of its financial statements or form a part of the internal control.

Status

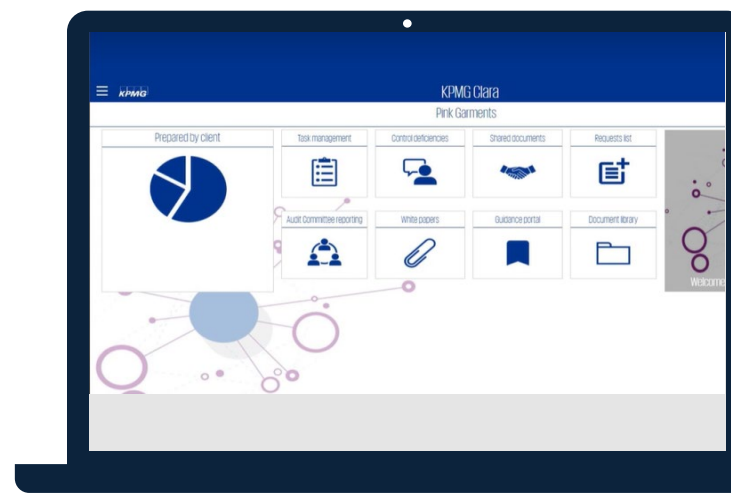
As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with Council;
- Final assembly of our audit documentation, including completion of any remaining procedures and review of audit working papers;
- Completing our subsequent events review procedures up to the date of the auditor's report;
- Obtaining evidence of Council's approval of the financial statements; and
- Receipt of the signed management representation letter.

We will update Council, and not solely the Mayor, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in [Appendix 1a: Draft Auditor's Report](#).

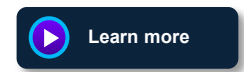
KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.



Significant changes

We have not made any significant changes to our preliminary audit plan, and note that:

Management and the KPMG audit team

➔ There were no key Management team member changes from the onset of the audit. Management were available as needed to assist the Audit Team. The senior audit team remained consistent with the previous year.

Group materiality

➔ Group materiality was set at \$510,000, which represented approximately 2.4% of prior year total expenses. Current year actual expenses increased to \$21 million, therefore, materiality represented 2.4% of current year expenses. This falls within the acceptable range of our required benchmark of between 0.5% -3.0%.

Fraud risk

➔ We performed our required audit procedures in professional standards over fraud risk and did not identify any additional fraud risks from our audit work. As part of our unpredictable procedure, we reviewed a sample of expenses based on approval thresholds in the procurement policy to ensure the policy is being followed. We have no findings to report from this procedure.

Other areas of audit focus

➔ We identified certain areas of audit focus in our preliminary audit plan. We did not identify any additional areas of audit focus and have no significant findings to report as a result of these procedures.

Significant risks and results

We highlight our significant findings in respect of **significant risk**.



Fraud risk from management override of controls

Significant risk	Estimate?	Key audit matter?
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.	No	No

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Assessed the design and implementation of controls surrounding the journal entry process;
- Determined the criteria to identify high-risk journal entries and other adjustments; and
- Tested high-risk journal entries and other adjustments.

Findings

We did not uncover any issues during the performance of the procedures described above.

Other audit risks and results



Asset Retirement Obligations

Background

In 2023, the Town adopted Public Accounting Standard PS 3280, Asset Retirement Obligations (“ARO”). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Town, as well as replacing PS3270, Solid Waste Landfill Closure and Post-Closure Liability. Asset retirement obligations are an estimate in the Town’s financial statements which is primarily derived from third party engineer reports.

Management performed an assessment of the impact of the new accounting standard on the Town’s financial statements by working with third party engineers and an external consultant to perform assessments of any required remediation. Using the modified retroactive application approach, as at December 31, 2023, an asset retirement obligation amounting to \$1,420,779 (2022 - \$1,378,522) has been recognized on the Town’s Consolidated Statement of Financial Position.

Our response

- We obtained an understanding of the activities performed by Management to identify the Town’s legal obligations associated with the retirement of capital assets and ensured that all of the recognition criteria were met to recognize an ARO in the financial statements.
- We obtained Management’s calculation of the ARO liability and corroborated management’s inputs into the calculation to assess their reasonableness.
- The Town has chosen not to discount or use the present value technique for measurement of the liability, as the timeline for the retirement activities is not well defined and discounting would add an additional layer of substantial uncertainty. KPMG notes that while PS 3280 does not require the present value technique for measurement, it does suggest that it is often the best available technique. However, we do understand the Town’s position for not discounting the obligation as there is uncertainty as to the timing of remediation.
- We also note that discounting was utilized in the calculation of the landfill retirement costs due to an expected closure in 16 years. Inflation and discount rates utilized in the calculation were based on management’s assessment of 3.27% and 3.50%, respectively.
- We noted that this estimate is based on management’s knowledge of the assets within scope of ARO. Any changes to the ARO in the future will be treated as a change in estimate, presented prospectively. We recommend that management re-evaluate this estimate annually to ensure accurate financial reporting.

Findings

Based on the information provided and the audit procedures performed, we concur with Management’s presentation and disclosure related to the implementation of PS 3280, Asset Retirement Obligations in the Town’s financial statements for the year ended December 31, 2023.

Other audit risks and results (continued)



Financial Instruments

Background

In fiscal 2023, the Town adopted the following standards concurrently beginning January 1, 2023 on a prospective basis:

- PS 1201 Financial Statement Presentation;
- PS 2601 Foreign Currency Translation;
- PS 3041 Portfolio Investments; and
- PS 3450 Financial Instruments.

Management performed an assessment of the impact of the new accounting standards and concluded there was not a significant impact.

Our response

- We obtained an understanding of the activities performed by management to identify financial instruments and ensure compliance with the new standards.
- We ensured appropriate disclosures have been made in the financial statements for the adoption of the new accounting standards, including related financial risk and concentration of risk disclosures..

Findings

Based on the information provided and the audit procedures performed, we concur with Management's presentation and disclosure related to the implementation of these new standards in the Town's financial statements for the year ended December 31, 2023.



Financial reporting

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

Financial Assets:

- Strong cash position and continued increase in investment holdings.
- Increase in accounts receivable driven by federal grants owing at year-end for ongoing projects.

Financial Liabilities:

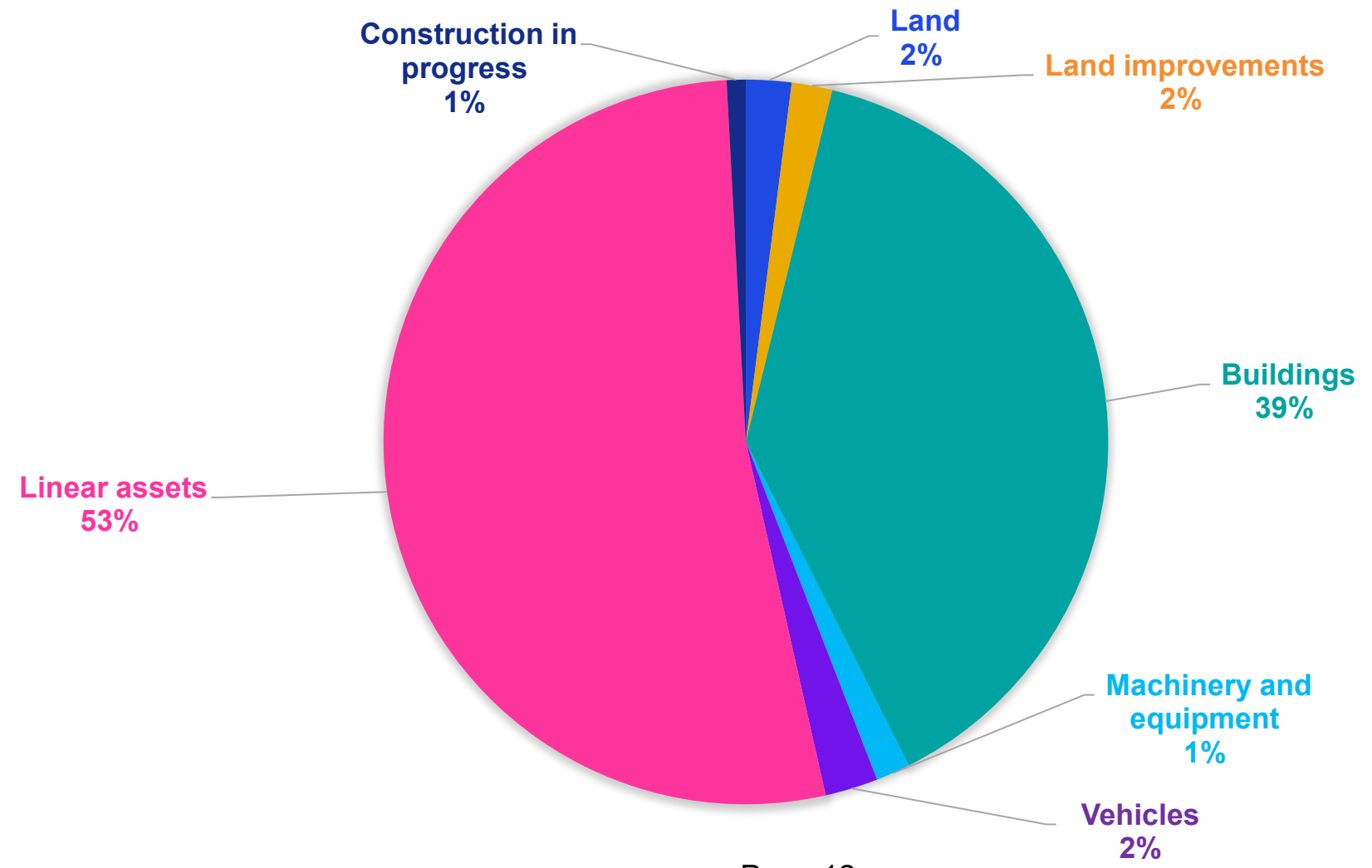
- Decrease in accounts payable is due to a significant number of capital projects that were closing at year-end in fiscal 2022, resulting in higher balances owing at year-end.
- Deferred revenue – obligatory reserve funds increased as a result of the collection of development charges that have not yet been spent on eligible projects.
- Decline in long-term debt is due to scheduled repayments.

Non-Financial Assets:

- Increase in tangible capital assets driven by additions of \$6.8M offset by amortization of \$3.9M.
- Key additions:
 - Ongoing road work
 - Daniel Street signalization / intersection realignment
 - Waterfront pathways

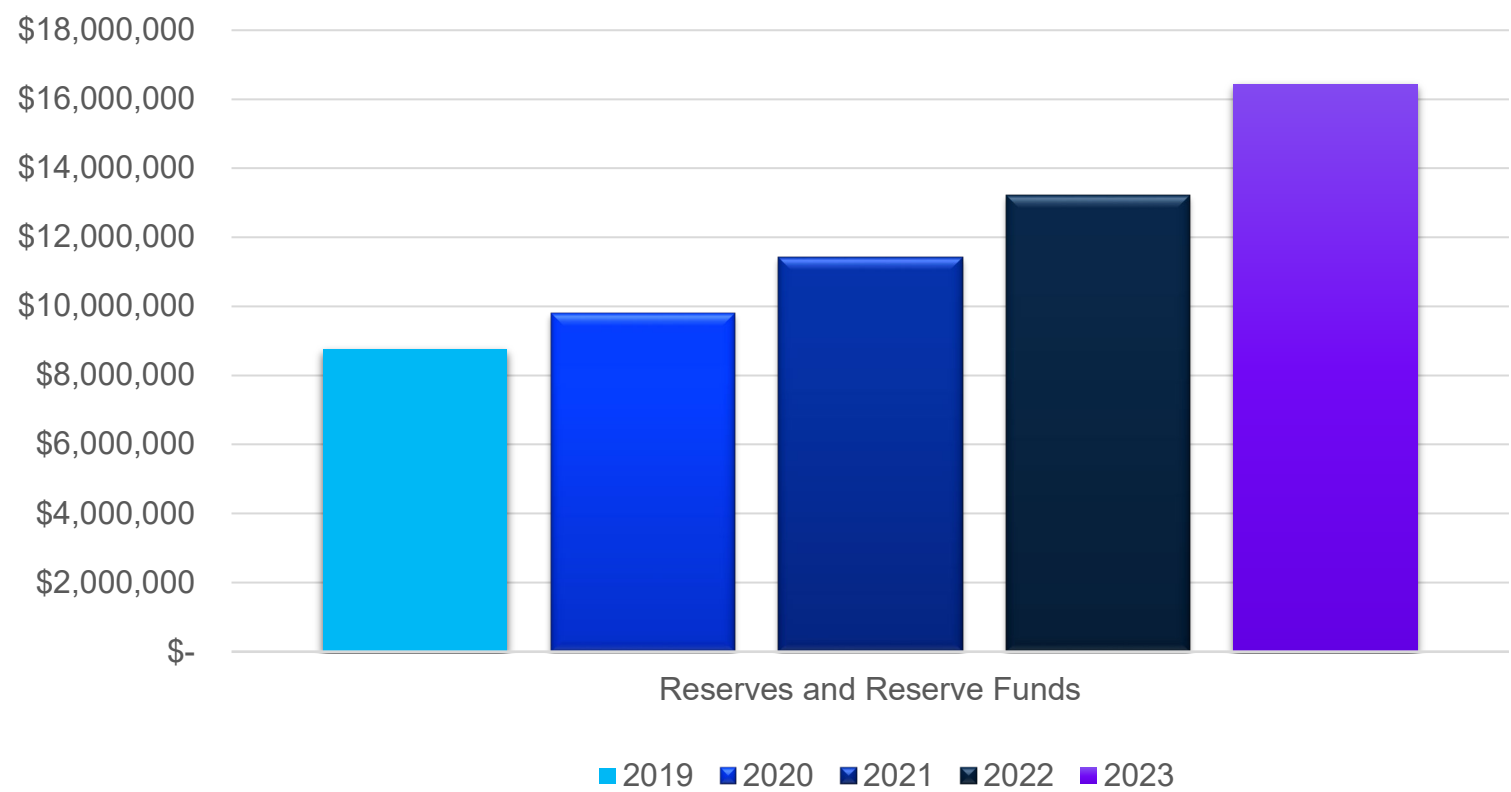
Financial reporting (continued)

Tangible capital assets



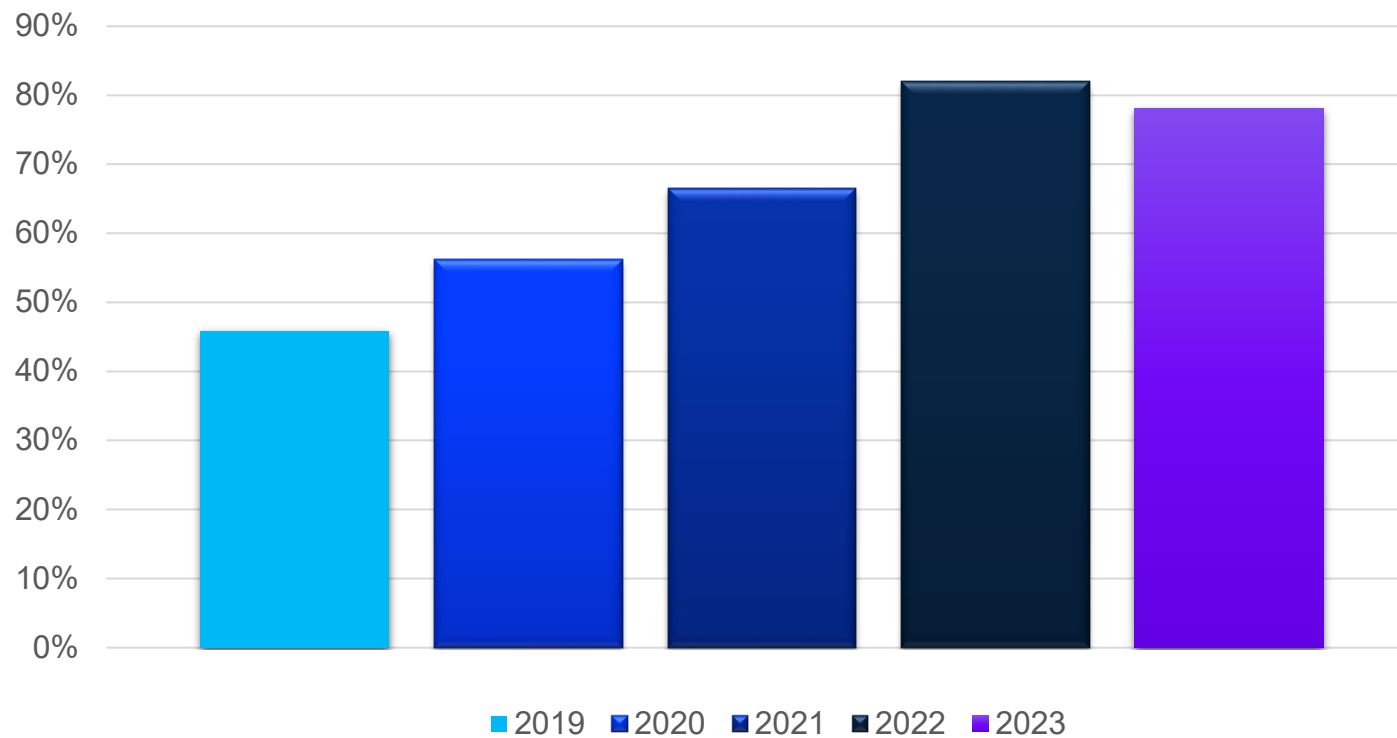
Financial reporting (continued)

Reserves and reserve funds



Financial reporting (continued)

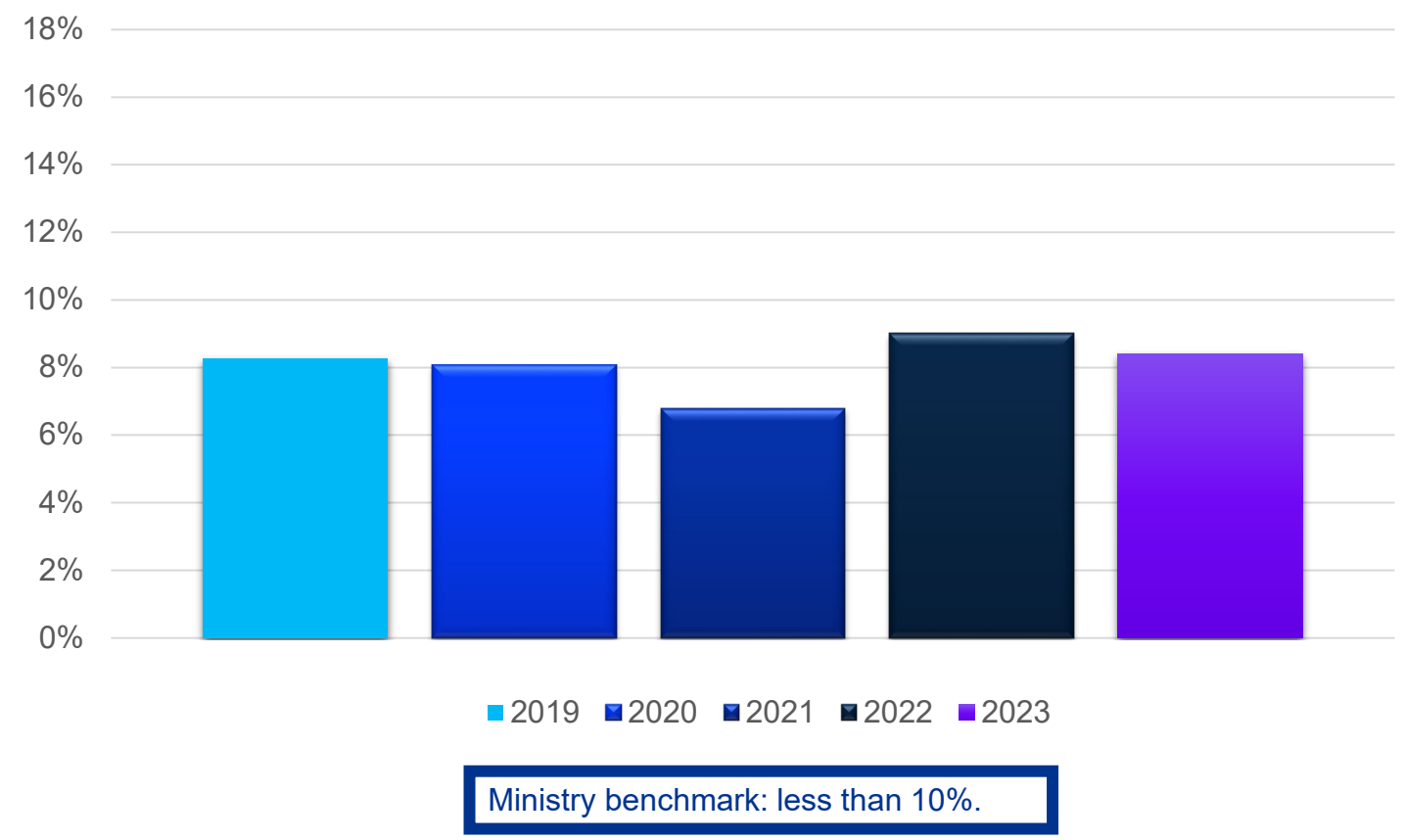
Reserves and reserve fund as a percentage of operating expenses



Ministry benchmark: greater than 20%.

Financial reporting (continued)

Taxes receivable as a percentage of current levy





Financial reporting (continued)

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

Revenue:

- Increase in user charges is driven by higher water and wastewater revenues as well as an increase in ice rentals.
- Minor decrease in government transfers due to funding for ongoing capital projects fluctuating with related spent.
- Investment income increased due to overall increase in investment holdings and market interest rates.

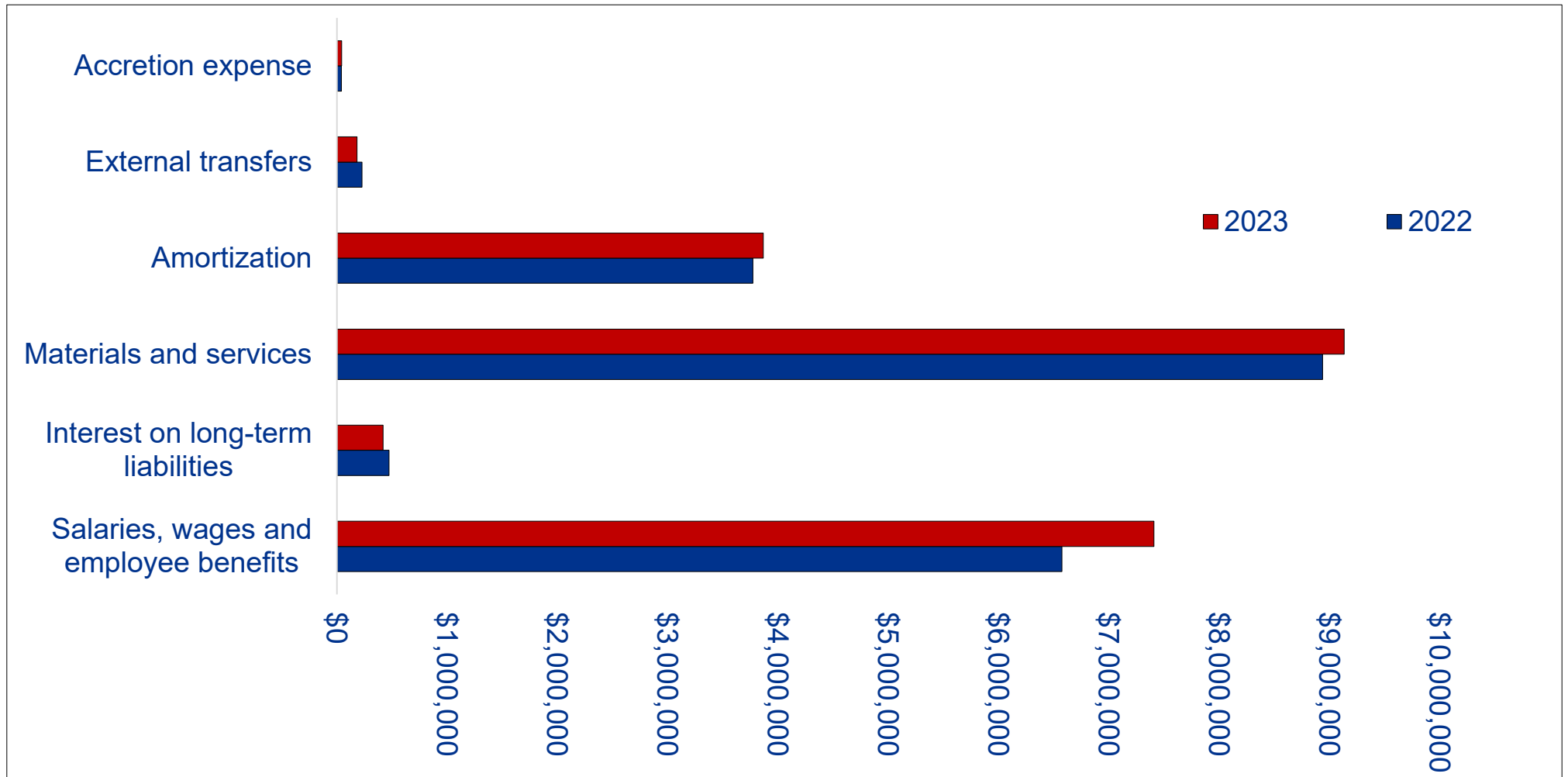
Expenses:

- Increase in expenses is consistent with increase in revenue.
- Key drivers of increases are related to increased salaries and benefits costs and increased materials and services expenses to support the growth of the Town and rising costs due to inflation.



Financial reporting (continued)

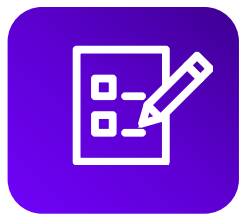
Expenses by object



Audit misstatements

Group materiality for fiscal 2023 was set at \$510,000 (2022 - \$500,000) which translated into an audit misstatement posting threshold of \$25,500 (2022 - \$25,000). As such, all misstatements identified during the audit greater than \$25,500 have been recorded on our summary of adjustments and differences.

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences. Professional standards require that we request of management and the Council that all identified adjustments or differences be corrected, if any.



Impact of corrected misstatements

- We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.



Impact of uncorrected misstatements

- We did not identify any misstatements which remain uncorrected.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the Town's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

We identified certain other observations related to processes in place at the Town. These have been provided separately to management.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any significant deficiencies in internal control over financial reporting.



Accounting policies and practices



Initial selection

The following new accounting policies and practices were selected and applied during the period:

- I. PS 3280 Asset Retirement Obligations the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. This standard was applied prospectively.
- II. PS 1201 Financial Statement Presentation establishes general reporting principles and standards for the disclosure of information in government financial statements. This standard was applied prospectively.
- III. PS 2601 Foreign Currency Translation establishes monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. This standard was applied prospectively.
- IV. PS 3041 Portfolio Investments establishes guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. This standard was applied prospectively.
- V. PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. This standard was applied prospectively.



Revised

There were no changes to the significant accounting policies and practices on the financial statements.



Significant qualitative aspects


There are no significant qualitative aspects to note related to accounting policies and practices.

The significant accounting policies and practices are disclosed in note 1 to the financial statements.



Other financial reporting matters

We also highlight the following:




Financial statement presentation - form, arrangement, and content



The presentation and disclosure in the financial statements is in accordance with the required standards as disclosed in the notes to the financial statements.


Through the course of the audit, KPMG provided support to management on required disclosures in accordance with the financial reporting framework, along with the adoption of the new accounting standards in 2023.



Concerns regarding application of new accounting pronouncements



Refer to [Appendix 4](#) for upcoming accounting standards.



Significant qualitative aspects of financial statement presentation and disclosure



No matters to report.



Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



¹ International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

1

Required communications

2

Audit quality

3

Insights

4

Upcoming accounting standards

5

Municipal comparators



Appendix 1: Other required communications



Engagement terms

A copy of the engagement letter was provided to management in advance of the audit.



Auditor's report

The conclusion of our audit is set out in our draft auditors' report as attached.



Representations of management

In accordance with professional standards, we will obtain certain representations from management upon approval of the financial statements.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)

Appendix 1a: Draft auditor's report

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Appendix 1a: Draft auditor's report (continued)

Emphasis of Matter – Comparative Information

We draw attention to Note 18 to the financial statements (“Note 18”) which explains that certain comparative information presented for the year ended December 31, 2022 has been restated. Note 18 explains the reasons for the restatement and also explains the adjustments that were applied to restate comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Appendix 1a: Draft auditor's report (continued)

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

We also:

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

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

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

July 22, 2024



Appendix 2: Audit quality - How do we deliver audit quality?

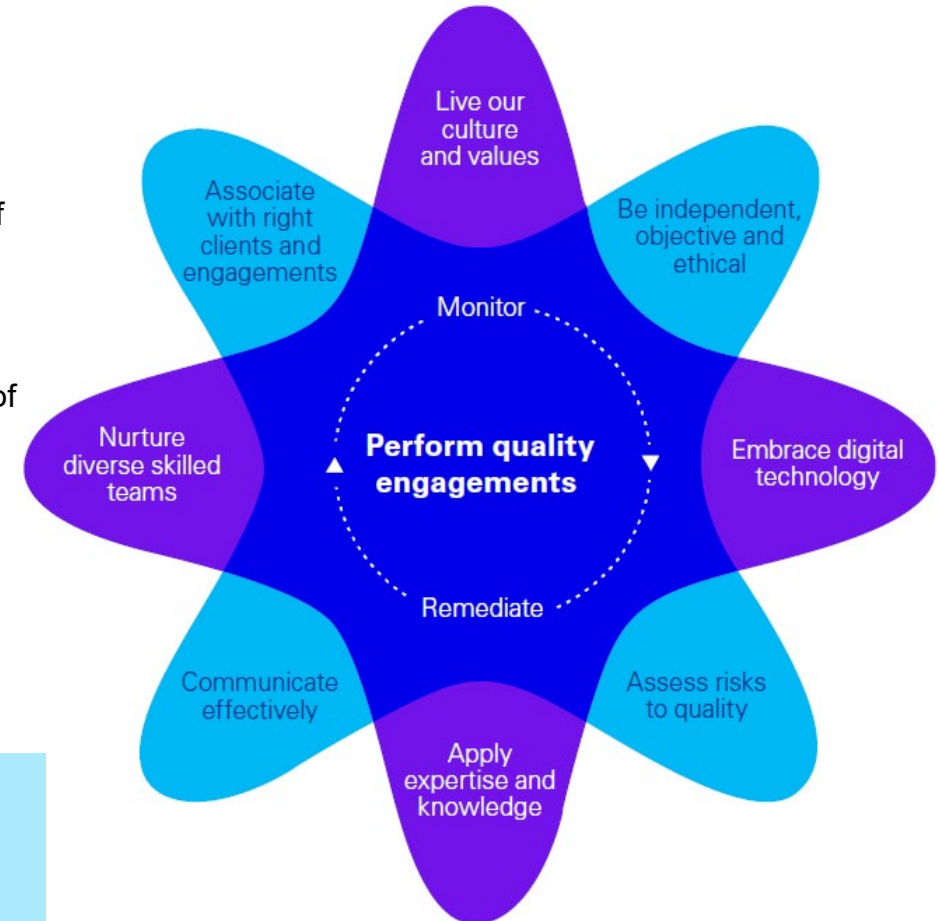
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm’s Statement on the Effectiveness of our SoQM.

[▶ KPMG 2023 Audit Quality and Transparency Report](#)

We define ‘audit quality’ as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendix 2: Audit quality - audit quality indicators (AQIs)

The objective of these measures is to provide Council and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that we have agreed with management are relevant for the audit.

Audit team composition

- Experience, commitment and knowledge of the broader public sector
- A combination of continuity and fresh perspectives
- Access to specialist resources with public sector experience

Technology in the audit

- Increase in use of technology in the audit year over year
- Use of secure KPMG portal for transfer of electronic documents

Independence




- We will not put ourselves in a situation where we would audit our own work.
- We apply the most rigorous standards to our professional services in order to ensure our continued independence in our role.

Client preparedness

- The financial records are closed and ready on the first day of audit work
- Client-prepared documentation is prepared accurately.

Council

- Council members participate fully in the discussion with auditors
- KPMG provides current industry trends and updates to accounting and audit standards

-  Nothing to report
-  Some matters to report
-  Specific matters to report



Appendix 3: Audit and assurance insights

Our latest thinking on the issues that matter most to Councils, board of directors and management.

[KPMG Audit & Assurance Insights](#)

Curated research and insights for audit committees and boards.

[Accelerate 2024](#)

The key issues driving the audit committee agenda in 2023.

[Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

[Momentum](#)

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

[Current Developments](#)

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

[KPMG Climate Change Financial Reporting Resource Centre](#)

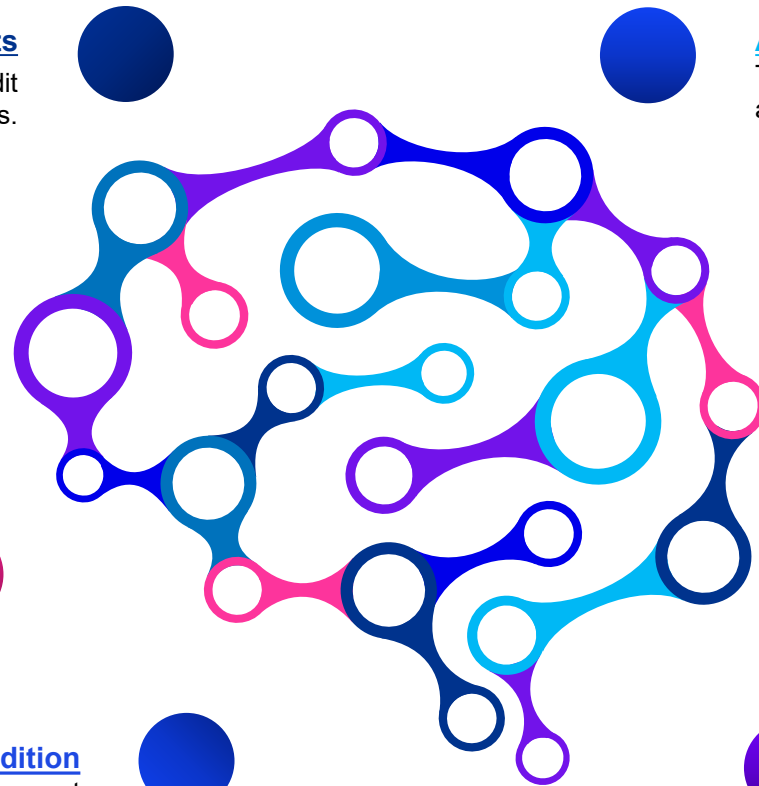
Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

[Audit Committee Guide – Canadian Edition](#)

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

[IFRS Breaking News](#)

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.





Appendix 4: Upcoming changes to accounting standards

Accounting changes

Newly effective accounting standards

→ The amendments to PS 3400, *Revenue*, become effective for this year end (fiscal years beginning on or after April 1, 2023).

- The standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Newly effective accounting standards

→ PS 3160, *Public Private Partnerships (“P3s”)* becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

- This standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard may be applied retroactively or prospectively.
- The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.
- The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.

Newly effective accounting standards

→ PSG-8, *Purchased Intangibles*, becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

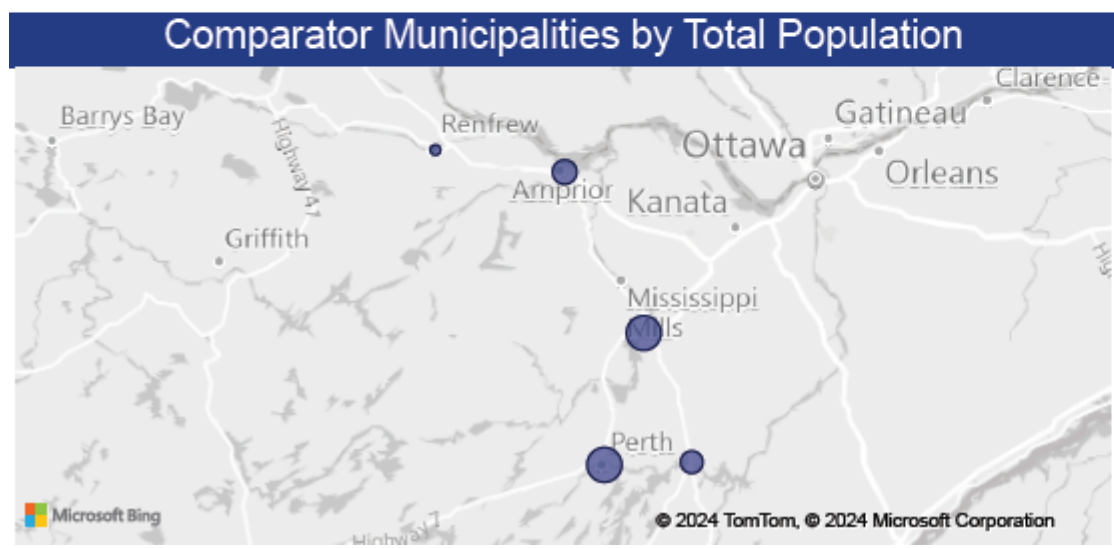
- The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.
- Narrow scope amendments were made to PS 1000 Financial statement concepts to remove the prohibition to recognize purchased intangibles and to PS 1201 Financial statement presentation to remove the requirement to disclose purchased intangibles not recognized.
- The guideline can be applied retroactively or prospectively.



Appendix 5: Municipal comparators

General statistics

General Stats								
Municipality	Municipal status	Subdivision	Total Households	Youth Population	Total Population	Land area (km ²)	Population density (km ²)	
Carleton Place	Lower Tier	Town	5,341	1,375	12,517	9.05	1,176.10	
Smiths Falls	Single Tier	Town	4,434	510	9,254	9.66	908.90	
Perth	Upper Tier	Town	4,266	3,465	12,595	12.25	484.10	
Renfrew	Lower Tier	Town	4,086	740	8,190	12.78	643.40	
Arnprior	Lower Tier	Town	4,403	1,515	9,629	13.07	672.90	



Data Sources

- The stats above were obtained from the following sources:
- Total Households - FIR data, Schedule 02, Line 0040, Column 1
 - Total Population - FIR data, Schedule 02, Line 0041, Column 1
 - Youth Population - FIR data, Schedule 02, Line 0042, Column 1
 - Land area (km²) - Stats Canada
 - Population density (km²) - Stats Canada



Appendix 5: Municipal comparators (continued)

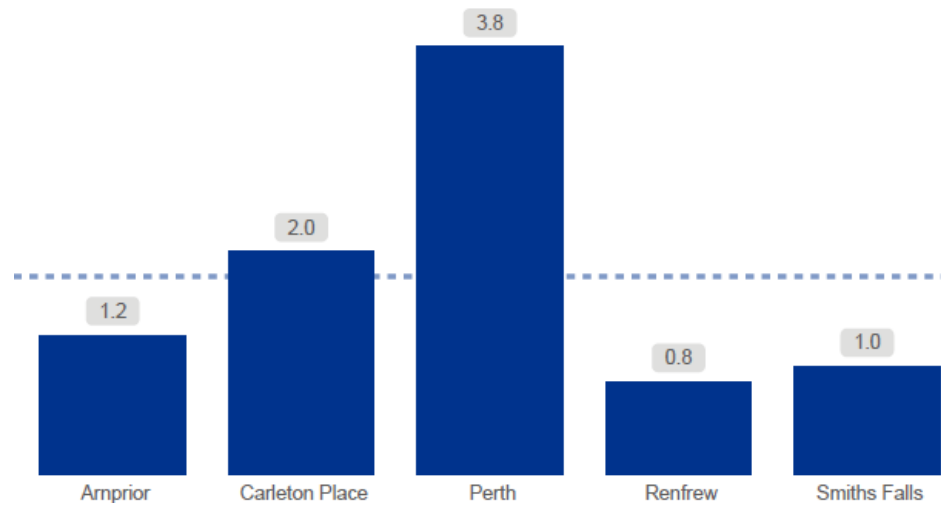
Financial assets to liabilities

Summary:

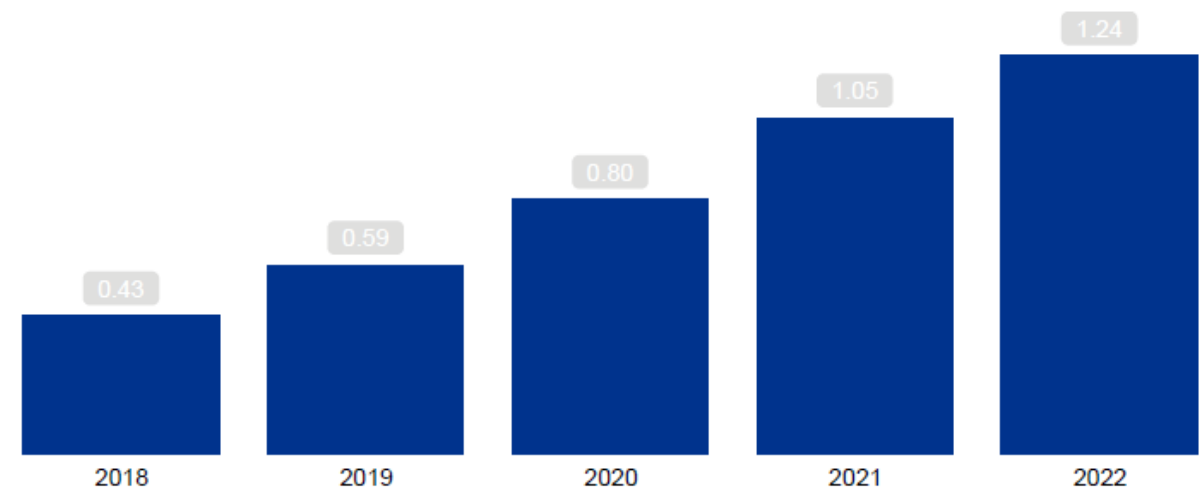
This financial indicator provides an assessment of the Town's solvency by comparing financial assets to financial liabilities.

Low levels of financial assets to financial liabilities are indicative of limited financial resources available to meet cost increases or revenue losses.

Financial Assets to Financial Liabilities by Municipality



Financial Assets to Financial Liabilities Trend



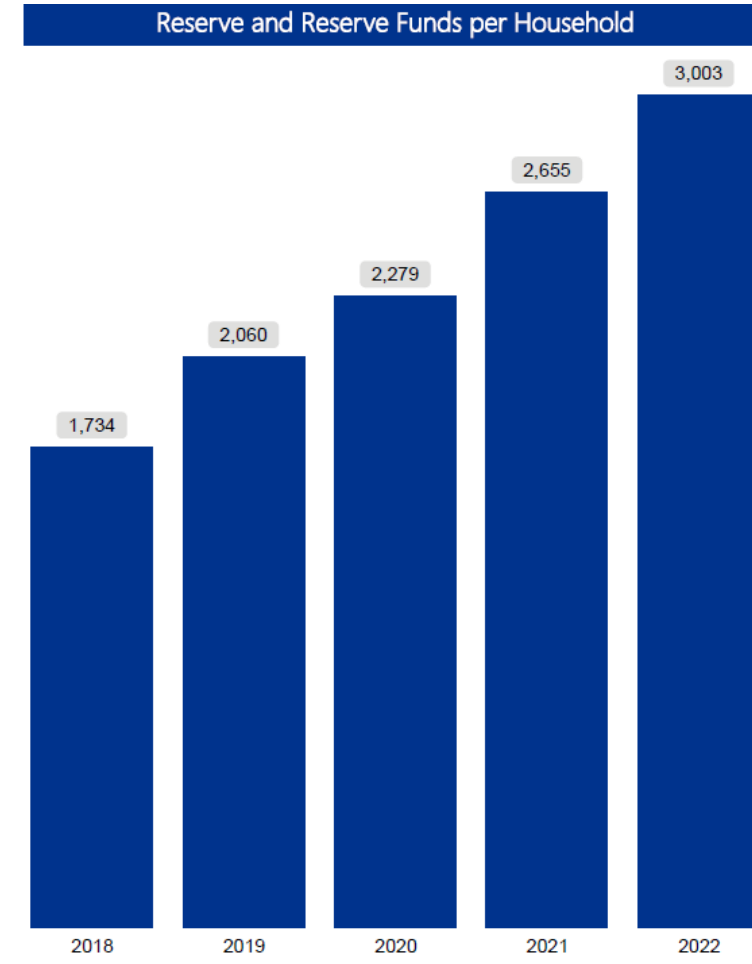
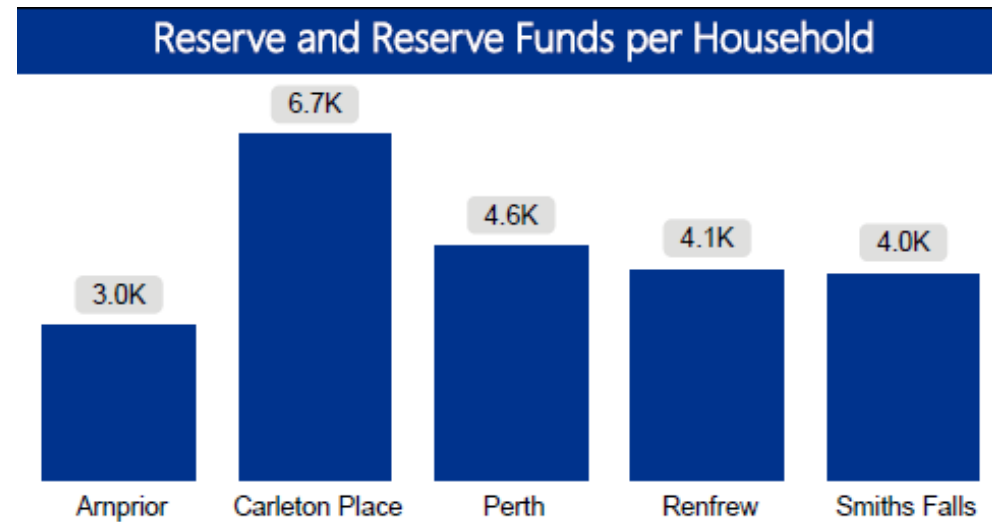


Appendix 5: Municipal comparators (continued)

Reserve and reserve funds by household

Summary:

This financial indicator provides an assessment of the Town’s ability to absorb incremental expenses or revenue losses through the use of reserves and reserve funds as opposed to taxes, user fees or debt.





Appendix 5: Municipal comparators (continued)

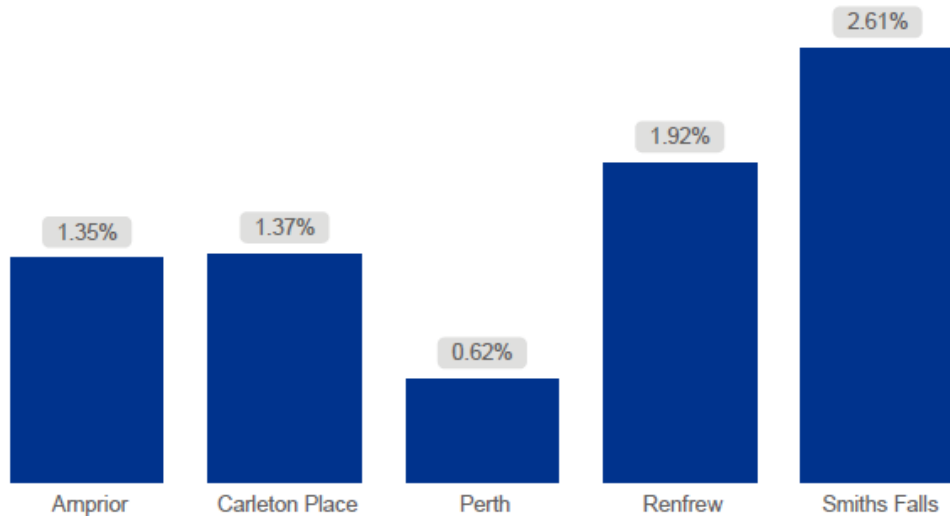
Total operating expenses as a percentage of taxable assessment

Summary:

This financial indicator provides an assessment of the Town's solvency by determining the extent to which increases in operating expenses correspond with increases in taxable assessment.

If increases correspond, the Town can fund increases in operating costs without raising taxation rates.

Operating Expense as a Percentage of Taxable Assessment by Municipality



Operating Expenses Trend as a Percentage of Taxable Assessment





Appendix 5: Municipal comparators (continued)

Total taxation as a percentage of total assessment

Summary:

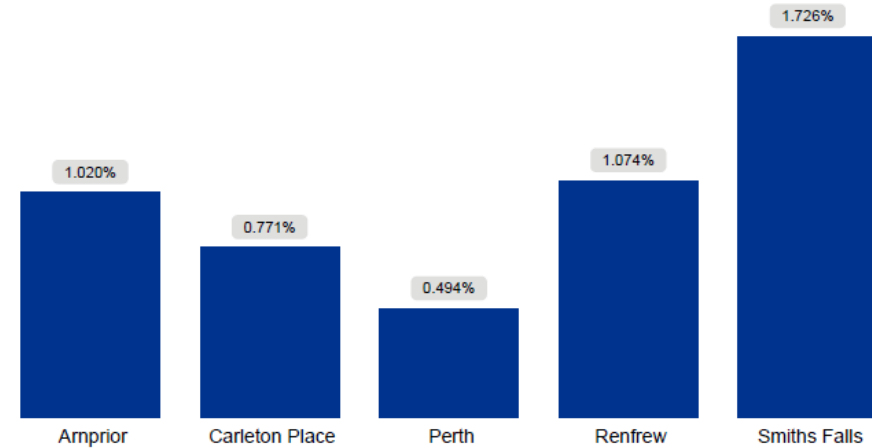
This financial indicator provides an indication of potential affordability concerns by calculating the Town's overall rate of taxation.

Relatively high tax percentages may limit the Town's ability to generate incremental revenues in the future.

Ministry benchmarks:

- Low: less than 15%
- Moderate: 15% to 30%
- High: greater than 30%

Total Taxation as a Percentage of Total Assessment



Total Taxation Trend as a Percentage of Total Assessment



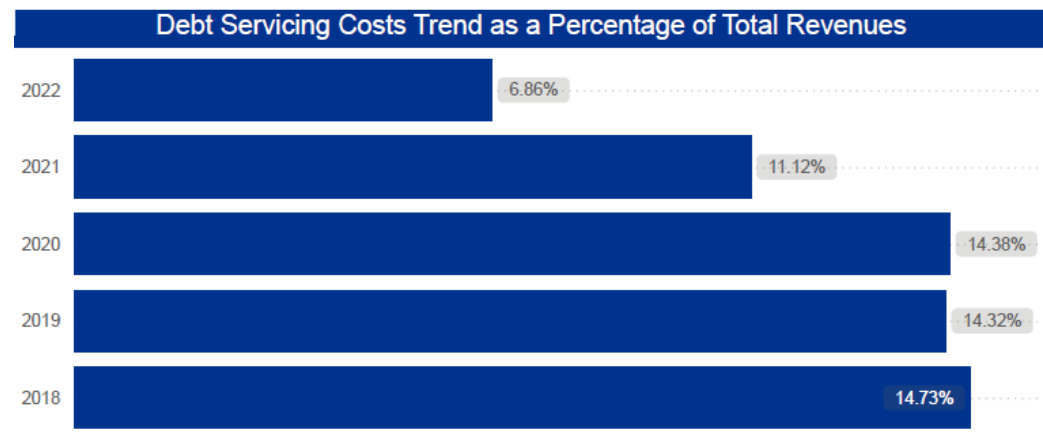
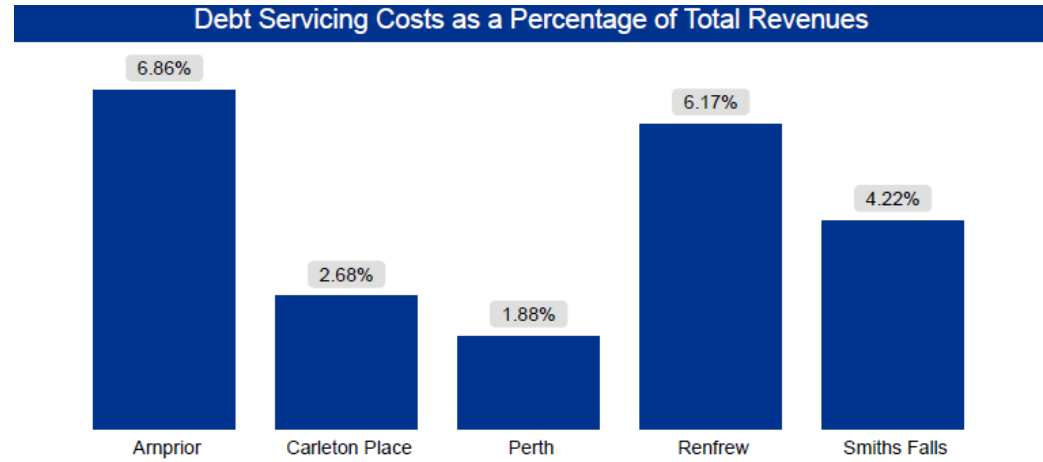


Appendix 5: Municipal comparators (continued)

Debt servicing costs as a percentage of total revenues

Summary:
 This financial indicator provides an assessment of the Town's overall indebtedness by calculating the percentage of revenues used to fund long-term debt servicing costs.
 The Town's ability to issue additional debt may be limited if debt servicing costs on existing debt are excessively high.

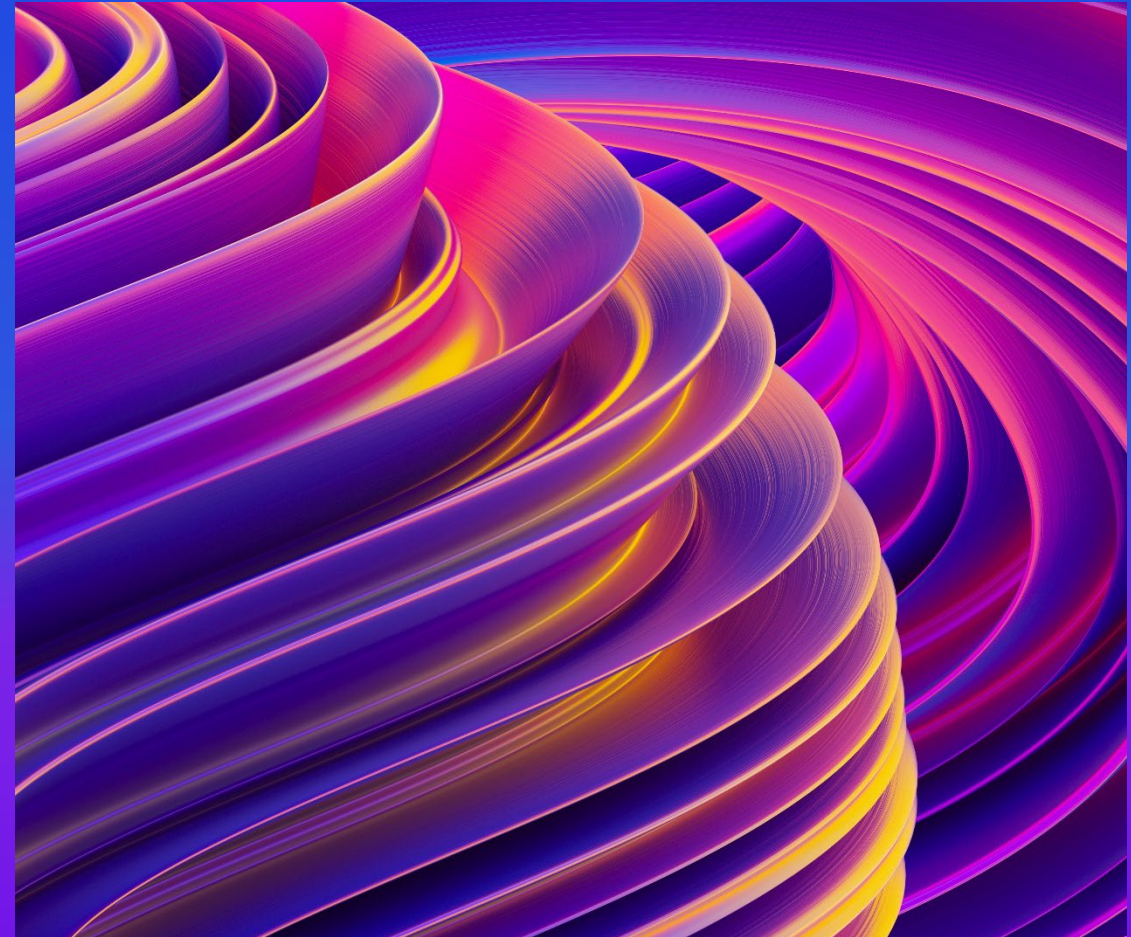
- Ministry benchmarks:**
- Low: less than 5%
 - Moderate: 5% to 10%
 - High: greater than 10%





<https://kpmg.com/ca/en/home.html>

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Audited Consolidated Financial Statements and
Other Financial Information of

**CORPORATION OF THE
TOWN OF ARNPRIOR**

Year ended December 31, 2023

DRAFT

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Financial Statements

Year ended December 31, 2023

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CORPORATION OF THE TOWN OF ARNPRIOR:

Management's Responsibility for the Consolidated Financial Statements

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Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

Robin Paquette
Chief Administrative Officer

Jennifer Morawiec
General Manager, Client Services/Treasurer

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Emphasis of Matter – Comparative Information

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

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

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

July 22, 2024

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Changes in Net Financial Assets

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Consolidated Statement of Cash Flows

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

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

The Corporation of the Town of Arnprior (the “Town”) was incorporated in 1892 (previously incorporated as a village in 1862) and assumed its responsibilities under the authority of the Provincial Secretary. The Town operates as a lower tier government in the County of Renfrew, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

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

(a) Reporting entity:

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

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

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

(b) Basis of accounting:

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

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

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

(c) Taxation and related revenues:

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

(d) Tangible capital assets:

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

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

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

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

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

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

(e) Leases:

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

(f) Inventories:

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

(g) Employee future benefits:

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(h) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue and recognized as revenue as the liability is extinguished.

(i) Deferred revenue:

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

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

(j) Investment income:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(k) Asset retirement obligations:

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

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

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

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

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

(l) Liability for contaminated sites:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(l) Liability for contaminated sites (continued):

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

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

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

(m) Financial instruments:

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

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

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(n) Use of estimates:

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

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

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

For the year ended December 31, 2023:

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

For the year ended December 31, 2022:

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

3. Investments:

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

4. Deferred revenue – obligatory reserve funds:

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized below:

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Asset retirement obligations:

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

(a) Landfill obligation:

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

(b) Asbestos and other obligations:

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

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Long-term liabilities:

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

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

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

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

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

7. Municipal equity:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Trust funds:

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

9. Pension contributions:

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

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

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

10. Contractual obligations:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Commitments:

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

12. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2023, management believes that the Town has valid defences and appropriate reserves and insurance coverages in place.

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Tangible capital assets:

13 Tangible capital assets:

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information:

The Town is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations and Accumulated Municipal Equity.

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

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

For the year ended December 31, 2022	Environmental Services	General Government	Health and Social Services	Planning and Development	Protection to Persons and Property	Recreation and Cultural Services	Transportation Services	Total
(Restated - note 18)								
Revenue:								
Property taxation	\$ 824,196	\$ 10,998,393	\$ -	\$ -	\$ -	\$ -	\$ -	11,822,589
User charges	5,278,279	71,284	105,628	72,214	15,831	1,437,054	91,957	7,072,247
Government transfers	158,675	1,607,700	-	38,350	-	614,434	1,957,930	4,377,089
Transfers from deferred revenue - obligatory reserve funds:								
Development charges	770,169	-	-	-	75,656	146,430	541,700	1,533,955
Recreational land	-	-	-	-	-	32,800	-	32,800
Investment income	-	148,543	10,071	-	-	206	-	158,820
Licenses and permits	-	30,272	-	-	142,980	-	-	173,252
Penalties and interest	29,241	129,924	-	-	-	-	-	159,165
Donation revenue	-	-	-	-	-	219,091	-	219,091
Provincial offences	-	-	-	-	27,542	-	-	27,542
Other	-	-	-	-	-	712	-	712
Gain (loss) on disposal of tangible capital assets	(135,170)	459,988	-	-	-	(94,661)	(164,079)	66,078
	6,925,390	13,446,104	115,699	110,564	262,009	2,356,066	2,427,508	25,643,340
Expenses:								
Salaries, wages and employee benefits	1,155,193	1,331,919	93,908	155,422	798,278	2,216,193	822,693	6,573,606
Interest on long-term liabilities	439,291	-	-	-	30,485	-	3,148	472,924
Materials and services	1,861,394	730,533	21,270	142,319	3,736,191	1,502,952	942,035	8,936,694
Amortization	2,139,919	59,448	-	-	169,661	406,755	995,868	3,771,651
External transfers	-	18,725	120,000	-	-	32,000	55,000	225,725
Accretion expense	40,828	-	-	-	-	-	-	40,828
Inter-functional adjustments	170,720	(6,000)	43,425	-	6,000	2,862	(217,007)	-
	5,807,345	2,134,625	278,603	297,741	4,740,615	4,160,762	2,601,737	20,021,428
Annual surplus (deficit)	\$ 1,118,045	\$ 11,311,479	\$ (162,904)	\$ (187,177)	\$ (4,478,606)	\$ (1,804,696)	\$ (174,229)	\$ 5,621,912

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Budget figures:

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

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

16. Comparative information:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Financial risks and concentration of risks:

(a) Credit risk:

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

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

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

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

(b) Liquidity risk:

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

(c) Market risk:

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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

(c) Market risk (continued):

(i) Currency risk:

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

(ii) Interest rate risk:

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

(iii) Other price risk:

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

18. Change in accounting policies:

Financial instruments:

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

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

18. Change in accounting policies (continued):

Asset retirement obligations:

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

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

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

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

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

CORPORATION OF THE TOWN OF ARNPRIOR

Schedule 1: Continuity of Reserves and Reserve Funds

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

	Budget (note 15)	2023	2022
Net transfers from (to) other funds	\$ (2,386,090)	\$ 2,611,537	\$ 1,544,024
Investment income	–	589,285	246,059
Reserves and reserve fund balances, change in year	(2,386,090)	3,200,822	1,790,083
Reserves and reserve fund balances, beginning of year	13,220,943	13,220,943	11,430,860
Reserves and reserve fund balances, end of year	\$ 10,834,853	\$ 16,421,765	\$ 13,220,943

Reserves and reserve funds are comprised of the following:

	2023	2022
Reserves set aside for specific purposes by Council:		
Reserves set aside for specific purposes by Council:		
Working capital	\$ 901,147	\$ 667,038
Contingency	635,118	635,118
Marketing	92,806	102,396
Policing	125,000	125,000
Winter control	1,059,642	1,059,642
Elections	19,191	10,691
Protection of property	1,756	5,352
Grants	1,472	1,400
Waste	372,979	197,730
For capital purposes:		
Business improvement area	6,354	6,354
Library	409,492	180,864
	3,624,957	2,991,585
Reserve funds:		
Landfill	2,128,719	1,974,314
Parking lot	(117,931)	(127,400)
Museum	102,622	27,536
Water	2,131,088	1,207,543
Wastewater	743,351	340,098
Capital	7,658,191	6,695,974
JA Gaumond	48,273	46,234
Cemetery	102,495	65,059
	12,796,808	10,229,358
Total reserves and reserve funds	\$ 16,421,765	\$ 13,220,943

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

July 22, 2024

TOWN OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	Cemetery care and maintenance	Neilson Trust	Total 2023	Total 2022
Assets:				
Cash	\$ -	\$ 32	\$ 32	\$ 32
Investments	772,425	52,000	824,425	796,500
Accrued interest receivable	141,000	-	141,000	110,296
Due from Town of Arnprior	30,732	-	30,732	27,925
	\$ 944,157	\$ 52,032	\$ 996,189	\$ 934,753
Liabilities and Fund Balance:				
Due to Arnprior Municipal				
Cemetery	\$ 141,000	\$ -	\$ 141,000	\$ 110,296
Fund balance	803,157	52,032	855,189	824,457
	\$ 944,157	\$ 52,032	\$ 996,189	\$ 934,753

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

On behalf of the Board:

_____ Director

_____ Director

TOWN OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Statement of Financial Activities

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

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

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

TOWN OF THE TOWN OF ARNPRIOR

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2023

1. Significant accounting policies:

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

(a) Basis of presentation:

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

(b) Basis of accounting:

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

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

(c) Investments:

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

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

2. Statement of cash flows:

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



Town of Arnprior Staff Report

Subject: REC-2024-04 - Nick Smith Centre Rink Replacement Project

Report Number: 24-07-22-01

Report Author and Position Title: Patrick Foley, Engineering Officer, Graeme Ivory, Director of Recreation

Department: Operations/Recreation

Meeting Date: July 22, 2024

Recommendations:

That Council enact a by-law to:

- (a) Authorize the award of Tender REC-2024-04 Nick Smith Centre Rink Replacement Project for a total of \$6,293,000.00 (plus HST) to Frecon Construction Ltd; and
- (b) Authorize the General Manager, Operations to spend additional contingency expenses up to \$640,375.68 which constitutes 10% of the total Contract value.
- (c) Authorize the CAO to execute the agreements and related documents with Frecon Construction Ltd. for the defined scope of work.
- (d) Authorize the Treasurer to include funding in the 2025 capital budget of \$1,459,132.48 from the Capital Expenditure Reserve Fund for this project, with the remaining \$4,000,000 of funding raised in 2025 through the issuance of debentures with Infrastructure Ontario or another form of debt financing.

Background:

The Nick Smith Centre, formerly Arnprior Civic Centre, was built in 1977 featuring the same amenities the facility still has today – two arenas, a swimming pool and community hall. Over its 47 years of operation, the facility has seen upgrades to the arena dressing rooms, pool (deck and liner), roof, mechanical equipment and the parking lot – to name a few, however the arena floors and refrigeration piping remain original to the building.

Over the past 5 years, significant brine leaks and repairs have occurred at the Nick Smith Centre due to arena components failing. The slabs and associated piping are original to the building constructed in 1977. The expected useful life of a rink slab is approximately 25 years and the current slab is 47 years old. The scope of work for this project includes:

- Two (2) indoor concrete arena pads including all associated refrigeration piping, drainage and essential equipment
- Concrete surfaces leading to and from the Ice Machine garage including drainage
- Arena boards, glass, netting
- Arena spectator stands
- Arena rubber flooring
- Scraping and recoating of roof trusses
- Audience comfort heating

In August 2023, Council awarded the design scope for this project to Architecture 49. In October 2023, staff presented four design options for consideration. Council made the decision to proceed with a design which is comprised of the following enhancements:

- Demolish stands on both sides as well as all four towers.
- Construct new modern accessible stands across the entire side of the exterior wall side of the Bert Hall Arena (Arena A).
- Construct 6 new storage rooms, an office space, meeting room and a Pro Shop skate sharpening space.
- On the second storey mezzanine level of the demising wall side, construct meetings room on each end, separated by an enclosed public space.
- All three rooms on the mezzanine level would be accessible (via an elevator) and the open public space would feature a viewing window for both arenas as well as provide 24 additional spaces for accessible seating, in addition to general spectator viewing.
- Replace stands on Glenn Arthur Arena (Arena B) allowing for access to select newly constructed rooms along the demising wall, as well as a service window for the Pro Shop

All elements of this project will enhance accessibility of both arenas for participants and spectators alike.

The projected budget at the time of Council’s design selection was \$6,340,000. The following 3 other smaller projects in the Long Range Capital Forecast (LRCF) were combined into this scope of work as work would be completed at the same time and for economy of scale:

- 2025 – Compressors 1, 2 & 3 \$ 175,000.00
- 2025 – Audience Rink Heaters (Rink A) \$ 27,000.00
- 2025 – Audience Rink Heaters (Rink B) \$ 24,000.00

As part of the 2024 capital budget, the Nick Smith Centre Arena Slab Replacement Project was approved by Council with expenses anticipated for the above scope as follows:

- 2024 - \$1,585,000 – Procurement of materials
- 2025 - \$4,981,000 – Construction

Discussion:

Since October, staff have been working with the multidisciplinary design team to establish the details for the optimal design for this project. Various consultants have visited the Nick Smith Centre multiple times to meet with staff and to ensure that existing conditions are properly noted.

Based on the complexity and specific nature of the scope of work, Town staff worked to ensure that a competent General Contractor, carrying competent subcontractors was brought on for this project by establishing references for the General Contractor, concrete finishing subcontractor and refrigeration subcontractor. Staff consulted with the Town's legal Counsel to ensure that requested references were within the Procurement Policy as well as industry and legal standards.

The overall budget for this project totals \$ 6,566,0000 from the below budget items:

2024 – NSC Arena Slab Replacements (Materials)	\$ 1,585,000.00
2025 – NSC Arena Slab Replacements (Construction)	\$ 4,755,000.00
2025 – Compressors 1, 2 & 3	\$ 175,000.00
2025 – Audience Rink Heaters (Rink A)	\$ 27,000.00
2025 – Audience Rink Heaters (Rink B)	\$ 24,000.00
Total	\$ 6,566,000.00

The Request for Tender (RFT) was published to Merx.com on May 14, 2024 where the posting remained open until July 16, 2024 at 2:00PM. At the time of bid closing, the following 8 bids were received:

Vendor Name	Total (Full HST)	Bid Price (No HST)	Net HST
Brawn Construction Ltd.	7,949,899.20	7,035,309.03	136,203.58
Frecon Construction Ltd.	7,111,090.00	6,293,000.00	121,832.48
Jumec Construction Inc.	9,873,675.58	8,737,766.00	169,163.15
M. Sullivan and Son Ltd.	8,652,410.00	7,657,000.00	148,239.52
Massicotte Construction Ltd.	9,431,396.00	8,346,368.14	161,585.69
McDonald Brothers Construction	8,486,300.00	7,510,000.00	145,393.60
Thomas Cavanagh Construction	7,330,310.00	6,487,000.00	125,588.32
Thomas Fuller Construction Ltd.	8,088,540.00	7,158,000.00	138,578.88

Frecon Construction Ltd. was the lowest acceptable bid at \$6,293,000.00 (plus HST). Projected expenses for the project are as follows:

Bid Price	\$ 6,293,000.00
10% Contingency	\$ 629,300.00
Net HST	\$ 121,832.48

Total Projected Cost	\$ 7,044,132.48
Total Budget	<u>\$ 6,566,000.00</u>
Total Shortfall	\$ 478,132.48

The construction cost is projected to be \$478,132.48 (7.3%) over budget. This is partially due to the discovery that the paint on the roof trusses contain lead. Lead abatement was not factored into the original budget values as it was not identified until later in the design process. Since eight bids were received through a competitive process, the tendered value would be representative of current market rates.

The revised design contract awarded by Council to Architecture 49 in October 2023 included design, contract documents, construction administration and site inspections at a total value of \$ 273,237.70 (incl net HST).

Frecon is a well-known General Contractor based out of Russell, Ontario and familiar to the area, having completed several projects in the Ottawa Valley including Arnprior's new French Catholic School - École élémentaire catholique des Deux-Rivières. They have completed the following similar scope rink projects in the past 5 years:

- 2022 – Stone Mills
- 2021 – City of Ottawa
- 2021 – Petawawa
- 2019 – Mississippi Mills

Frecon has carried CIMCO Refrigeration and Slavco Concrete Finishing for their respective scopes of work. References have been provided for each of these subcontractors demonstrating completion of 5 arena slabs in the last 2 years. Based on the reviewed experience of the General Contractor and their key subcontractors, Staff believe that Frecon will be able to successfully complete this project on time and with quality workmanship.

This project will have operational impacts for our arena users. Glenn Arthur Arena (Arena B) will cease operations as of February 17, 2025 with an anticipated return on September 8, 2025. Bert Hall Arena (Arena A) will cease operations as of March 17, 2025 with an anticipated return on October 14, 2025. The Town typically carries ice on both arenas until the end of March, with summer ice operating on one surface June through August and both surfaces operating in full after Labour Day. However, in 2024 staff opted to keep ice in for the months of April and May as well to support a high interest in Spring Ice Rentals. The projected operational impacts are outlined in the financial section and will be addressed in the 2025 operating budget.

In an effort to support our users, staff continue to work with neighbouring municipalities and privately run arenas to support additional ice needs and operations during this period of closure.

Options:

Council may choose not to award this contract and re-tender at another time with a different scope of work however this is not recommended as the tenders received were obtained through a competitive process, are representative of current market costs and delaying the project could result in further repair costs and failures in the current slabs, disrupting programming on a temporary or permanent basis.

Policy Considerations:

These projects were tendered in accordance with *Section 6.3 Request for Tender* of the Town of Arnprior's Procurement Policy.

Financial Considerations:

Capital Funding

The recommended funding strategy for this project is a combination of the Capital Expenditure Reserve Fund (CERF) with funding amounts in 2024 and 2025, with the remaining portion financed over a 10-year period. This provides a balance between funding sources, equitable benefit to those accessing the asset as it significantly extends the useful life of the arena slabs and allows flexibility for other capital projects that require funding.

	Project Costs	Funding Source
2024	\$1,585,000.00	Capital Expenditure Reserve Fund
2025	\$1,459,132.48	Capital Expenditure Reserve Fund
2026-35	\$4,000,000.00	Financing – 10 Yr Debenture
TOTAL	\$7,044,132.48	

As highlighted in the 2024 budget presentation, the size and significance of this capital project, makes it a candidate to consider for financing as it meets the debt management guidelines as outlined in the Town's Debt Management Policy (#FS-AD-02). Guidelines:

- Debt may be undertaken when the size of a capital project is significant and when funding cannot be accommodated within the levy or utility rate supported capital budgets and/or when no other viable sources of funding is available.
- Consideration will be given to the impact of debt on current and future ratepayers as a means to achieve an appropriate balance between debt and other forms of funding.
- Repayment of debt will be structured in a manner that is fair and equitable to those who benefit or have access to the benefit(s) from the asset(s).
- Debt servicing must be affordable, sustainable and flexible to allow financing for any appropriate corporate project or priority approved by Council.
- The Municipality will not use long term debt to fund current operations.

Funding from the Capital Expenditure Reserve Fund of \$1,585,000 was already approved by Council in the 2024 capital budget. An additional \$1,459,132.48 is recommended for 2025 with the remaining portion of the project to be funded through financing. To take advantage of lowering lending rates, a debenture or loan in later 2025 towards the end of the project is recommended. Current IO lending rates for a 10 year debenture are 4.28%. The estimate below is calculated with an estimated 3.5% lending rate.

Amortizing Debenture Schedule				
Organization Name	Town of Arnprior			
Principal Amount	\$ 4,000,000.00			
Annual Interest Rate	3.50 %			
Loan Term (Year)	10			
Debenture Date (mm/dd/yyyy)	07-01-2025			
Maturity Date (mm/dd/yyyy)	07-01-2035			
Payment Frequency	Annual			
Loan Type	Amortizing			
Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
07-01-2026	\$ 480,965.47	\$ 340,965.47	\$ 140,000.00	\$ 3,659,034.53
07-01-2027	\$ 480,965.47	\$ 352,899.26	\$ 128,066.21	\$ 3,306,135.27
07-01-2028	\$ 480,965.47	\$ 365,250.74	\$ 115,714.73	\$ 2,940,884.53
07-01-2029	\$ 480,965.47	\$ 378,034.51	\$ 102,930.96	\$ 2,562,850.02
07-01-2030	\$ 480,965.47	\$ 391,265.72	\$ 89,699.75	\$ 2,171,584.30
07-01-2031	\$ 480,965.47	\$ 404,960.02	\$ 76,005.45	\$ 1,766,624.28
07-01-2032	\$ 480,965.47	\$ 419,133.62	\$ 61,831.85	\$ 1,347,490.66
07-01-2033	\$ 480,965.47	\$ 433,803.30	\$ 47,162.17	\$ 913,687.36
07-01-2034	\$ 480,965.47	\$ 448,986.41	\$ 31,979.06	\$ 464,700.95
07-01-2035	\$ 480,965.48	\$ 464,700.95	\$ 16,264.53	\$ 00.00
	\$ 4,809,654.71	\$ 4,000,000.00	\$ 809,654.71	

Annual Repayment Limit (ARL)

The Annual Repayment Limit (ARL) is the maximum amount that a municipality in Ontario can pay each year (without first going to the Ontario Land Tribunal) in principal and interest payments for its long-term debt and other long-term financial commitments.

For most municipalities the ARL is set at 25 percent of their annual own- source revenues (such as property taxes, user fees and investment income), less their annual existing long-term debt service costs and payments for other long-term financial obligations. Municipalities may only exceed their ARL with the prior approval of the Ontario Land Tribunal (OLT).

The Town of Arnprior’s ARL for 2024 is \$3,149,047. Another way to illustrate this is that the Town of Arnprior could borrow up to an additional \$24.3M at a 5% interest rate over a 10 year period before reaching the maximum repayment limit.

Grant Funding

The amount of funding requiring financing could be reduced with successful grant applications. Town staff are actively investigating applicable grant programs to offset costs including the new Community Sport and Recreation Infrastructure Fund that will support building new infrastructure and the revitalization of existing sport and recreation facilities; the Enabling Accessibility Fund; the Ontario Trillium Foundation (OTF) and any Investing in Canada Infrastructure Program (ICIP) grant streams the relate to this project.

Operating Impacts

Operationally, staff project a one-time estimated operating revenue loss of \$250,000 which factors lost revenues for ice rentals, shinny, public skating, sports camp and rinkboard advertising. This impact will be included in the 2025 budget. Following this project, a variety of revenue generation opportunities will include meeting and storage room rentals/leases, rinkboard and other sponsorship opportunities, special events.

Meeting Dates:

- August 2, 2023 – Council Meeting to award design Contract to Architecture 49
- October 23, 2023 – Council Meeting to select final design for arena

Consultation:

- Borden Ladner Gervais LLP

Documents:

N/A

Signatures

Reviewed by Department Head: John Steckly

Reviewed by General Manager, Client Services/Treasurer: Jennifer Morawiec

CAO Concurrence: Robin Paquette

Workflow Certified by Town Clerk: Kaila Zamojski

**The Corporation of the
Town of Arnprior**

By-Law Number 7507-24

Being a By-Law to adopt the Audited Consolidated Financial Statements for the year ending December 31, 2023.

Whereas, pursuant to Section 294.1 of the *Municipal Act*, 2001, S.O. as amended, a municipality shall for each fiscal year, prepare annual consolidated financial statements for the municipality in accordance with generally accepted accounting principles for local governments as recommended from time to time by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants; and

Whereas pursuant to Section 295 (1) of the *Municipal Act*, 2001, S.O. as amended, within 60 days after receiving the audited financial statements of the municipality for the previous year, the Treasurer of the Municipality shall publish in a newspaper having general circulation in the municipality a notice that the statements will be made available upon request at no cost; and

Whereas, at the July 22nd, 2024 Special Meeting of Council, the Town Municipal Auditors, KPMG, delivered the draft 2023 Consolidated Financial Statements and presented an overview and highlights of the financial statements in the audit findings report; and

Therefore the Council of the Town of Arnprior enacts as follows:

1. **That** the Consolidated Financial Statements for the Corporation of the Town of Arnprior for the year ending December 31, 2023 be adopted; and
2. **That** without a newspaper having general circulation in the municipality, notice will be published through alternate methods including the Town website and social media channels, with the Consolidated Audited Financial Statements being made available on the Town website; and
3. **That** this By-law shall become effective immediately upon the passing thereof.

Enacted and **Passed** this 22nd day of July, 2024.

Signatures:

Lisa McGee, Mayor

Oliver Jacob, Deputy Clerk

**The Corporation of the
Town of Arnprior**

By-Law No. 7508-24

A by-law to approve the award of tender REC-2024-04 for the Nick Smith Centre Revitalization capital project to Frecon Construction Ltd.

Whereas Section 8 of the Municipal Act, 2001, S.O. 2001, c.25 empowers and authorizes a municipality to govern their affairs as they consider appropriate; and

Whereas in August 2023, By-Law 7407-23 awarded the design and contract administration for the Nick Smith Centre Arena Slab Replacement project to Architecture 49 Inc; and

Whereas on February 12th, 2024, the Council of the Corporation of the Town of Arnprior passed By-law No. 7461-24 being a by-law to adopt the 2024 Operating and Capital Budget estimates including the Nick Smith Centre Arena Slab Replacement construction project, pre-committing a total project estimate of \$6,340,000 and 2024 budget of \$1,585,000; and

Whereas in accordance with the Town's Procurement Policy By-law 6942-19, as amended, the Town issued a Request for Tender REC-2024-04 through a public process for the construction of the Nick Smith Centre Arena Slab Replacement Project; and

Whereas Frecon Construction Ltd submitted the lowest bid of \$6,293,000 (plus HST) for the construction of the Nick Smith Centre Arena Slab Replacement Project.

Therefore the Council of the Corporation of the Town of Arnprior hereby enacts as follows:

1. **That** the award of the contract for the construction of the Nick Smith Centre Arena Slab replacement project in accordance with Tender # REC-2024-04 shall be to Frecon Construction Ltd in the amount of \$6,293,000 (plus HST), and
2. **That** the General Manager, Operations be authorized to spend contingency funds up to \$640,375.68, 10% of total contract value; and
3. **That** the CAO is authorized to execute the agreements and related documents with Frecon Construction Ltd for the defined scope of work; and
4. **That** the Treasurer be authorized to include funding in the 2025 capital budget of \$1,459,132.48 from the Capital Expenditure Reserve Fund for this project, with the remaining \$4,000,000 of funding raised in 2025 through the issuance of debentures with Infrastructure Ontario or another form of debt financing.

5. That any by-laws, resolutions or parts of by-laws or resolutions inconsistent with this by-law be hereby repealed.

Enacted and **Passed** this 22nd day of July, 2024

Mayor Lisa McGee

Oliver Jacob, Deputy Clerk