

The Corporation of the
Municipality of Arran-Elderslie
Financial Information
December 31, 2022

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Contents

The Corporation of the Municipality of Arran-Elderslie Financial Statements

The Corporation of the Municipality of Arran-Elderslie Trust Funds

The Corporation of the
Municipality of Arran-Elderslie
Financial Statements
For the year ended December 31, 2022

The Corporation of the Municipality of Arran-Elderslie
Financial Statements
For the year ended December 31, 2022

Contents

The Corporation of the Municipality of Arran-Elderslie

Independent Auditor's Report	2 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 12
Notes to Consolidated Financial Statements	13 - 28
Schedule of Deferred Revenue	29



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Arran-Elderslie

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the potential effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2022 and the consolidated results of its operations, consolidated changes in net financial assets and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Municipality's summary of significant accounting policies describes the tangible capital asset policy with respect to its tangible assets. It has been determined that adjustments are required to water, sewer and road assets but the Municipality has not yet gathered the necessary information. In addition, the impact of the adjustment to the opening 2019 capital asset balances was not susceptible to satisfactory audit verification. As a result, we have been unable to determine whether further adjustments to the amounts recorded are necessary for the years ended December 31, 2020, 2021 and 2022.

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 Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Municipality'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 Municipality'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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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

Owen Sound, Ontario
February 13, 2024

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Financial Position

December 31	2022	2021
Financial assets		
Cash and investments (Note 1)	\$21,471,691	\$ 21,949,321
Taxes receivable	1,066,704	989,186
Trade and other receivables	1,947,375	842,532
Inventory held for resale	4,598	5,229
Long-term receivables (Note 2)	279,651	340,863
	<u>24,770,019</u>	<u>24,127,131</u>
Liabilities		
Accounts payable and accrued liabilities	1,318,347	1,508,476
Solid waste closure and post-closure liabilities (Note 4)	169,755	161,935
Post-employment benefits liabilities (Note 10)	391,971	377,749
Deferred revenue (Page 29)	1,481,056	1,074,409
Long-term liabilities (Note 5)	273,379	328,821
	<u>3,634,508</u>	<u>3,451,390</u>
Net financial assets	<u>21,135,511</u>	<u>20,675,741</u>
Non-financial assets		
Inventory of supplies	86,368	76,367
Prepaid expenses	60,049	80,425
Tangible capital assets (Note 6)	42,232,587	39,476,756
	<u>42,379,004</u>	<u>39,633,548</u>
Accumulated surplus (Note 7)	<u>\$63,514,515</u>	<u>\$ 60,309,289</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2022 Budget (Note 9)	2022 Actual	2021 Actual
Revenue			
Taxation	\$ 5,929,050	\$ 5,976,490	\$ 5,621,864
Fees and user charges	4,041,391	4,532,223	4,044,375
Government transfers (Note 11)	6,040,158	3,935,607	2,655,164
Other income (Note 12)	960,253	1,367,233	847,952
	<u>16,970,852</u>	<u>15,811,553</u>	<u>13,169,355</u>
Expenses			
General government	1,339,744	1,615,827	1,324,304
Protection services	2,357,505	2,354,778	2,158,664
Transportation services	2,311,509	3,644,977	3,227,222
Environmental services	1,464,224	2,471,703	2,255,684
Health services	126,981	257,842	198,346
Recreation and cultural services	1,910,225	1,880,976	1,506,961
Planning and development	450,982	380,224	373,362
	<u>9,961,170</u>	<u>12,606,327</u>	<u>11,044,543</u>
Annual surplus (Note 9)	7,009,682	3,205,226	2,124,812
Accumulated surplus, beginning of the year	<u>56,069,806</u>	<u>60,309,289</u>	<u>58,184,477</u>
Accumulated surplus, end of the year	<u>\$ 63,079,488</u>	<u>\$63,514,515</u>	<u>\$ 60,309,289</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
	Budget (Note 9)	Actual	Actual
Annual surplus (Page 6)	\$ 7,009,682	\$ 3,205,226	\$ 2,124,812
Acquisition of tangible capital assets	(8,658,963)	(4,907,280)	(3,636,243)
Amortization of tangible capital assets	-	2,149,097	2,054,018
(Gain) Loss on sale of tangible capital assets	-	(288,655)	66,697
Proceeds on disposal of capital assets	-	291,007	19,655
	<u>(8,658,963)</u>	<u>(2,755,831)</u>	<u>(1,495,873)</u>
Change in prepaid expenses	-	20,376	(60,203)
Change in inventories of supplies	-	(10,001)	(11,040)
	<u>-</u>	<u>10,375</u>	<u>(71,243)</u>
Increase (decrease) in net financial assets	(1,649,281)	459,770	557,696
Net financial assets, beginning of the year	<u>20,675,741</u>	<u>20,675,741</u>	<u>20,118,045</u>
Net financial assets, end of the year	<u>\$ 19,026,460</u>	<u>\$ 21,135,511</u>	<u>\$ 20,675,741</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Cash Flows

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 6)	\$ 3,205,226	\$ 2,124,812
Items not involving cash		
Solid waste closure and post-closure liabilities	7,820	(18,742)
Amortization	2,149,097	2,054,018
Post-employment benefits liabilities	14,222	13,535
Deferred revenue recognized	(681,677)	(468,993)
Change in prepaid expenses	20,376	(60,203)
(Gain) loss on sale of capital assets	(288,655)	66,697
	<u>4,426,409</u>	<u>3,711,124</u>
Changes in non-cash working capital balances		
Taxes receivable	(77,518)	323,128
Trade and other receivables	(1,104,843)	(179,042)
Inventory held for resale	631	(1,943)
Inventory of supplies	(10,001)	(11,040)
Accounts payable and accrued liabilities	(190,129)	375,195
Deferred revenue received	1,088,324	810,636
	<u>4,132,873</u>	<u>5,028,058</u>
Capital transactions		
Cash used to acquire capital assets	(4,907,280)	(3,636,243)
Proceeds on sale of capital assets	291,007	19,655
	<u>(4,616,273)</u>	<u>(3,616,588)</u>
Investing activities		
Increase in long-term receivables	-	(41,500)
Repayment of long-term receivables	61,212	113,339
Change in investments	(36)	(1,412,627)
	<u>61,176</u>	<u>(1,340,788)</u>
Financing activities		
Additions to long-term liabilities	-	41,500
Repayment of long-term liabilities	(55,442)	(100,260)
	<u>(55,442)</u>	<u>(58,760)</u>
Net change in cash and cash equivalents	(477,666)	11,922
Cash and cash equivalents, beginning of the year (Note 1)	<u>11,419,805</u>	<u>11,407,883</u>
Cash and cash equivalents, end of the year (Note 1)	<u>\$10,942,139</u>	<u>\$ 11,419,805</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2022

Management Responsibility Management of the Corporation of the Municipality of Arran-Elderslie has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. Council reviews and approves the consolidated financial statements.

Basis of Accounting The consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Chesley and District Fire Board	65.70%
Bruce Area Solid Waste Recycling Association	8.73%
Saugeen Mobility and Regional Transit	7.20%

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2022

Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- b) Other revenues and user fees are recorded upon sale of goods or provision of service when collection is reasonably assured.
- c) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance and forms part of the respective deferred revenue balances.
- d) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- e) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

The Corporation of the Municipality of Arran-Elderslie
Summary of Significant Accounting Policies

December 31, 2022

Cash and Cash Equivalents	Cash and cash equivalents include all cash balances and highly liquid investments that are readily converted into cash.
Investments	Investments are recorded at the cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.
Inventory	<p>Inventory of goods held for resale is recorded at net realizable value.</p> <p>Inventory held for consumption is recorded at the lower of cost and replacement cost.</p>
Post-Employment Benefits	<p>The municipality provides post-employment health, dental, travel, and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.</p> <p>The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.</p>
Solid Waste Landfill Closure and Post-Closure Costs	Site closure and post-closure care costs are recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.
Liability for Contaminated Sites	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. A liability of \$30,000 has been accrued.

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2022

Tangible Capital Assets Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following useful lives are used:

Land improvements	40 years
Buildings	40 years
Equipment	5 - 15 years
Roads - paved	15 - 20 years
Roads - gravel	10 years
Water and other utility systems	30 - 80 years
Bridges and culverts	20 - 50 years
Vehicles	5 - 12 years

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

County and School Board The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.

Trust Funds Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued grant receivables, useful life of assets, accrued liabilities, post-employment benefits, solid waste landfill closure and post-closure costs, liabilities for contaminated sites and taxation revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the Municipality of Arran-Elderslie
Notes to Consolidated Financial Statements

December 31, 2022

1. Cash and Investments

	2022	2021
Cash	\$ 9,915,254	\$ 10,677,435
Cash - Restricted	1,026,885	742,370
	10,942,139	11,419,805
Principal protected notes (cost)	10,500,000	10,500,000
Investments - Restricted GIC's	29,552	29,516
	\$21,471,691	\$ 21,949,321

On December 31, 2022, the Municipality had bank accounts of \$10,836,365, GIC's of \$10,389 and principal protected notes of \$10,500,000 in one chartered bank. The Canadian Deposit Insurance Corporation insures deposits to a maximum of \$100,000 per depositor.

The bank account earns interest at the average prime rate less 1.75%. The restricted investments are GIC's with interest rates between 0.35% and 2.4% and mature between January 2023 and October 2023.

The principal protected notes entitles the investor to repayment at maturity of the principal amount in addition to variable interest based on various percentages of performance of various Solactive Canada indexes. The variable interest has maximum payable percentages. The notes are designed to replicate investing strategies of lower risk long term capital gains. These notes have full principal protection at maturity. The maturity dates for the notes range from 2024 to 2028. Market value at December 31, 2022 was \$9,396,510.

2. Long-Term Receivables

	2022	2021
Tile drainage loans, 6%, due 2023 to 2031	\$ 273,379	\$ 328,821
Kinette Club	6,272	12,042
	\$ 279,651	\$ 340,863

3. Temporary Borrowings

The Municipality of Arran Elderslie has a demand operating facility with interest charged at prime minus 0.5% per annum. This facility is secured by a current borrowing by-law. At December 31, 2022, the municipality had a \$2,000,000 unused operating facility.

The Corporation of the Municipality of Arran-Elderslie
Notes to Consolidated Financial Statements

December 31, 2022

4. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the Chesley Landfill site is recorded at \$148,333 and represents the present value of estimated post-closure costs using a discount rate of 3.43%. There is no remaining fill capacity available and the Chesley Landfill was closed to the public in 2012. Post-closure care is estimated to continue for a period of 15 years.

The Arran Landfill site was expanded and assumed landfilling operations for the entire Municipality on October 1, 2012. The useable area was divided into five phases, each requiring separate approval with Plans of Development for each phase. Currently, only Phases I and II have a Plan of Development and Operation (PDO). The liability for Phase I and II of the Arran Landfill site is recorded at \$21,422 and represents the present value of closure and post-closure costs for 38% of the current site's capacity, using the municipality's average long-term borrowing rate of 3.43%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$526,681. The estimated remaining open capacity of Phases I and II is approximately 173,000 cubic meters, which will be filled in 57 years. Post-closure care is estimated to continue for a period of 20 years.

The liabilities have been partially funded through budget allocations.

5. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	<u>2022</u>	<u>2021</u>
Tile drainage loans, 6%, due 2023 to 2031	\$ 273,379	\$ 328,821

Principal payments for the next five fiscal years and thereafter are as follows:

2023	\$ 58,625
2024	51,627
2025	34,344
2026	33,320
2027	29,124
Thereafter	<u>66,339</u>
	<u>\$ 273,379</u>

Interest paid during the year totalled \$19,585 (2021 - \$23,111).

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

6. Tangible Capital Assets

	2022								
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Work in Progress	Total
Cost, beginning of the year	\$ 1,102,916	\$ 7,746,050	\$ 3,108,712	\$ 46,993,807	\$ 34,039,348	\$ 9,148,032	\$ 6,788,968	\$ 955,962	\$ 109,883,795
Additions	262,672	301,673	172,924	1,761,580	1,188,632	-	281,613	938,186	4,907,280
Disposals	-	-	-	-	-	-	(47,013)	-	(47,013)
Transfers	-	89,563	62,786	174,540	260,423	-	-	(587,312)	-
Cost, end of the year	1,365,588	8,137,286	3,344,422	48,929,927	35,488,403	9,148,032	7,023,568	1,306,836	114,744,062
Accumulated amortization, beginning of the year	177,958	4,658,020	1,789,335	39,516,231	14,508,706	5,035,568	4,721,221	-	70,407,039
Amortization	38,736	198,492	232,698	597,336	640,198	189,618	252,019	-	2,149,097
Disposals	-	-	-	-	-	-	(44,661)	-	(44,661)
Transfers	(1,093)	1,093	-	-	-	-	-	-	-
Accumulated amortization, end of the year	215,601	4,857,605	2,022,033	40,113,567	15,148,904	5,225,186	4,928,579	-	72,511,475
Net carrying amount, end of the year	\$ 1,149,987	\$ 3,279,681	\$ 1,322,389	\$ 8,816,360	\$ 20,339,499	\$ 3,922,846	\$ 2,094,989	\$ 1,306,836	\$ 42,232,587

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

6. Tangible Capital Assets - (continued)

									2021 (restated)
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Work in Progress	Total
Cost, beginning of the year	\$ 1,064,607	\$ 7,273,703	\$ 2,546,258	\$ 46,328,263	\$ 32,906,960	\$ 9,133,241	\$ 7,254,855	\$ 284,850	\$106,792,737
Additions	40,694	469,962	562,454	665,544	1,106,179	14,791	105,507	671,112	3,636,243
Disposals	-	-	-	-	-	-	(545,185)	-	(545,185)
Transfers	(2,385)	2,385	-	-	26,209	-	(26,209)	-	-
Cost, end of the year	1,102,916	7,746,050	3,108,712	46,993,807	34,039,348	9,148,032	6,788,968	955,962	109,883,795
Accumulated amortization, beginning of the year	149,749	4,494,447	1,601,871	38,903,372	13,864,559	4,861,396	4,936,460	-	68,811,854
Amortization	29,302	162,480	187,464	612,859	617,938	174,172	269,803	-	2,054,018
Disposals	-	-	-	-	-	-	(458,833)	-	(458,833)
Accumulated amortization, end of the year	177,958	4,658,020	1,789,335	39,516,231	14,508,706	5,035,568	4,721,221	-	70,407,039
Net carrying amount, end of the year	\$ 924,958	\$ 3,088,030	\$ 1,319,377	\$ 7,477,576	\$ 19,530,642	\$ 4,112,464	\$ 2,067,747	\$ 955,962	\$ 39,476,756

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

6. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction or development is \$1,306,836 (2021 - \$995,962).

7. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	<u>2022</u>	<u>2021</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$42,232,587	\$ 39,476,756
Unfunded post-employment benefits	(391,971)	(377,749)
Unfunded solid waste closure and post-closure costs	(4,717)	3,103
Fire surplus	277	277
Bruce Area Solid Waste Recycling (B.A.S.W.R.)	<u>19,052</u>	<u>21,866</u>
	41,855,228	39,124,253
Reserves and reserve funds (Note 8)	<u>21,659,287</u>	<u>21,185,036</u>
Accumulated surplus	<u>\$63,514,515</u>	<u>\$ 60,309,289</u>

As per resolution of Council the general 2022 operating surplus of \$114,265 was transferred to working capital reserve.

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

8. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	<u>2022</u>	<u>2021</u>
Reserves		
Working funds	\$ 2,849,070	\$ 3,340,041
Sick leave	484,364	533,520
Sewer	3,715,230	3,689,781
Water	8,545,286	7,956,481
Capital purposes	<u>6,021,895</u>	<u>5,606,038</u>
	21,615,845	21,125,861
Reserve funds		
Capital purposes	<u>43,442</u>	<u>59,175</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$21,659,287</u>	<u>\$ 21,185,036</u>

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

9. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2022 budget amounts for the Corporation of the Municipality of Arran-Elderslie approved by Council have been restated to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (Page 7)	\$ 7,009,682	\$ 3,205,226	\$ 2,124,812
Amortization	-	2,149,097	2,054,018
Change in other surpluses	-	2,814	(8,631)
Change in unfunded liabilities	-	22,042	(5,207)
	7,009,682	5,379,179	4,164,992
Transfers to reserves from operations	(3,310,247)	(4,083,110)	(4,306,838)
Transfers from reserves for operations	697,725	945,938	846,002
Transfers from reserves for capital	4,261,803	5,108,294	5,472,015
Transfer unspent capital to reserves	-	(2,331,108)	(2,580,530)
Capital acquisitions, disposals and write-down	(8,658,963)	(4,904,928)	(3,549,891)
Current year general operating surplus before transfers to reserve	-	114,265	45,750
Transfer of current year general operating surplus to reserve per resolution	-	(114,265)	(45,750)
Accumulated general surplus (Note 7)	\$ -	\$ -	\$ -

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

10. Post-Employment Benefit Liabilities

	2022	2021
Accumulating sick leave (unamortized gain \$77,237)	\$ 318,778	\$ 302,299
Post-employment benefits (unamortized gain \$35,217)	73,193	75,450
	\$ 391,971	\$ 377,749

- a) The municipality provides its employees with an accumulating sick leave plan which allows employees to use days accumulated in prior years, and allows for partial payout upon death, termination or retirement.

	2022	2021
Sick leave liability, beginning of the year	\$ 302,299	\$ 287,408
Amortization of actuarial gain	(7,725)	(7,725)
Current year benefit expense	16,618	15,780
Interest accrued	7,585	6,836
Benefits paid	-	-
	\$ 318,777	\$ 302,299

As per the collective agreement, the unused portion of annual earned sick leave days plus interest, is accumulated in a reserve account. The reserve tracks the number and dollar value of the unused days for each employee. When an employee ceases to work for the municipality, the employee receives 50% of the value credited in the reserve for that employee. The estimated liability at December 31, 2022 is \$318,778. The reserve account maintained by the municipality at December 31, 2022 per the agreement is \$484,364 and any future sick leave payouts will be funded from the reserve.

- b) The municipality pays certain health, dental, travel and life insurance benefits on behalf of its retired members to the age of 70. The municipality recognizes these post-employment costs in the period in which the employees rendered the services. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 3.25%. For future salaries, a 2.75% annual rate of increase was used for 2022 and forward. For dental and travel premiums, a 3.75% annual rate of increase was assumed for 2020 and forward. For health care premiums, a 5.42% increase was used for 2022 and decreasing .33% until 2027 where 3.75% was used thereafter.

	2022	2021
Accrued benefit liability, beginning of the year	\$ 75,450	\$ 76,806
Amortization of actuarial gain	(4,768)	(4,768)
Current year benefit expense	2,468	2,343
Interest accrued	1,323	1,463
Benefit payments	(1,064)	(394)
	\$ 73,409	\$ 75,450

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

11. Government Transfers

	2022	2022	2021
	Budget	Actual	Actual
Operating			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,659,300	\$ 1,622,300	\$ 1,592,400
Public Works	35,000	24,690	27,874
Other	126,048	359,168	416,211
Total operating transfers	1,820,348	2,006,158	2,036,485
Tangible Capital Asset			
Canada Community - Building Fund	511,259	2,017	452,917
Ontario Community Infrastructure Fund	1,371,176	641,564	5,758
Public Works	1,194,943	631,354	42,582
Sewer and water	117,339	4,305	-
Recreation	850,790	558,842	98,565
Other	174,303	91,367	18,857
Total tangible capital asset transfers	4,219,810	1,929,449	618,679
Total Transfers	\$ 6,040,158	\$ 3,935,607	\$ 2,655,164

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

12. Other Income

	2022	2022	2021
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 160,000	\$ 146,625	\$ 166,698
Other fines and penalties	800	168	896
Investment income	232,553	284,846	136,486
Licenses, permits and rents	372,875	384,870	416,194
Donations	178,450	206,674	112,101
Local improvement special charges	4,203	15,404	33,275
Gain (loss) on disposal of capital assets	-	288,655	(66,697)
Other	11,372	39,991	48,999
	<u>\$ 960,253</u>	<u>\$ 1,367,233</u>	<u>\$ 847,952</u>

13. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 36 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2022 by the Municipality was \$242,412 (2021 - \$219,511). The contribution rate for 2022 was 9.0% to 15.8% depending on age and income level (2021 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2022. At that time the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) and actuarial assets of \$1221.1 billion (2021 - \$116.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in financial markets may lead to increased future funding requirements.

14. Operations of School Boards and the County of Bruce

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Bruce:

	2022	2021
School boards	\$ 1,419,131	\$ 1,396,196
County of Bruce	3,288,466	3,040,640
	<u>\$ 4,707,597</u>	<u>\$ 4,436,836</u>

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

15. Contingencies

The Municipality has been served with claims relating to motor vehicle accidents, building codes and other property matters. The Municipality is not aware of any possible settlements in excess of its liability insurance coverage. The outcome of these claims are not determinable at this time.

16. Commitments

As of December 31, the Municipality has committed to various capital projects with a total cost of \$1,783,790 of which \$1,064,100 was paid in the year and \$719,690 is still to be paid.

Arran-Elderslie has approved a cost sharing agreement with the County of Bruce for the Teeswater bridge and roadwork. The County approved the commencement of the capital project in the amount of \$9,666,999. Arran-Elderslie's share of the costs is estimated at a total of \$976,465. The work is expected to be completed 2023 to 2024.

17. Trust Funds

The trust funds administered by the Municipality amounting to \$585,875 (2021 - \$568,573) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities.

18. Bruce Area Solid Waste Recycling

The following summarizes the financial position and operations of Bruce Area Solid Waste Recycling, which is a Joint Board of Management of which Arran-Elderslie has a 8.73% interest. The Bruce Area Solid Waste Recycling has been consolidated into these financial statements.

	2022	2021
Financial assets	\$ 1,989,111	\$ 2,438,898
Liabilities	230,105	354,286
Net financial assets	1,759,006	2,084,612
Non-financial assets	1,516,006	1,444,615
Accumulated surplus	\$ 3,275,012	\$ 3,529,227
Revenues	\$ 4,000,874	\$ 3,608,239
Expenses	4,255,089	3,738,926
Annual deficit	\$ (254,215)	\$ (130,687)

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

19. Chesley and District Fire Board

The following summarizes the financial position and operations of the Chesley and District Fire Board, which the Municipality funds through a service agreement. The Chesley District Fire Board has been consolidated into these financial statements. The Municipality's proportionate share is 65.70%.

	2022	2021
Financial assets	\$ 52,764	\$ 31,917
Liabilities	21,233	9,932
Net financial assets	31,531	21,985
Non-financial assets	71,611	92,938
Accumulated surplus	\$ 103,142	\$ 114,923
Revenues	\$ 247,538	\$ 228,076
Expenses	259,319	218,113
Annual deficit	\$ (11,781)	\$ 9,963

20. Saugeen Mobility and Regional Transit (S.M.A.R.T.)

The following summarizes the financial position and operations of the Saugeen Mobility and Regional Transit non-profit organization, which the Municipality funds through a service agreement. The Saugeen Mobility and Regional Transit organization has been consolidated into these financial statements. The Municipality's proportionate share is 7.2%.

	2022	2021
Financial assets	\$ 231,199	\$ 161,988
Liabilities	320,310	235,349
Net financial debt	(89,111)	(73,361)
Non-financial assets	462,716	637,341
Accumulated surplus	\$ 373,605	\$ 563,980
Revenues	\$ 1,554,678	\$ 1,615,928
Expenses	1,745,053	1,522,205
Annual deficit	\$ (190,375)	\$ 93,723

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

21. Segmented Information

The Municipality of Arran-Elderslie is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste, collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item includes revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, storm sewers, parking areas, and streetlighting.

Sewer and Water

This service provides the municipality's drinking water. The municipality also processes and cleans sewage and ensures sewer and water systems meet all Provincial standards.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

Health

Health services include contributions to support local Hospitals. Health services also includes the operations of local cemeteries.

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2022

21. Segmented Information - (continued)

Recreational and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains or contributes to parks, arenas, community centres, a campground, and museums. The municipality also provides library services and recreational programs.

Planning and Development

This department is responsible for planning and zoning and downtown revitalization. This service area also includes municipal and tile drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payments-in-lieu	Allocated to those segments that are funded by these amounts based on the budget for the year.
OMPF grants	Allocated to segments based on the budget for the year.

The Corporation of the Municipality of Arran-Elderslie
Notes to the Financial Statements

December 31, 2022

For the year ended December 31	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue									
Taxation	\$ 1,434,358	\$ 1,553,887	\$ 1,852,712	\$ -	\$ -	\$ -	\$ 956,238	\$ 179,295	\$ 5,976,490
Fees and user charges	150,732	228,560	57,368	2,870,962	555,298	69,349	558,289	41,665	4,532,223
Specific grants	89,820	11,542	1,322,428	4,305	158,599	15,741	586,508	124,364	2,313,307
OMPF grant	389,352	421,798	502,913	-	-	-	259,568	48,669	1,622,300
Other revenue	705,064	245,489	30,662	25,399	2,637	95,733	262,249	-	1,367,233
	<u>2,769,326</u>	<u>2,461,276</u>	<u>3,766,083</u>	<u>2,900,666</u>	<u>716,534</u>	<u>180,823</u>	<u>2,622,852</u>	<u>393,993</u>	<u>15,811,553</u>
Expenses									
Salaries and benefits	885,981	511,625	1,148,827	470,774	292,193	65,242	1,008,579	59,441	4,442,662
Interest on debt	-	-	-	-	-	-	-	19,585	19,585
Materials and supplies	360,247	315,878	765,814	369,928	230,203	49,311	605,087	245,890	2,942,358
Contracted services	270,972	1,288,463	741,326	209,781	207,806	104,192	60,328	55,308	2,938,176
Other transfers	-	89,206	-	-	-	-	-	-	89,206
Rents and financial expenses	15,304	-	990	33	-	1,070	7,846	-	25,243
Amortization	83,323	149,606	988,020	671,021	19,964	38,027	199,136	-	2,149,097
	<u>1,615,827</u>	<u>2,354,778</u>	<u>3,644,977</u>	<u>1,721,537</u>	<u>750,166</u>	<u>257,842</u>	<u>1,880,976</u>	<u>380,224</u>	<u>12,606,327</u>
Annual surplus (deficit)	<u>\$ 1,153,499</u>	<u>\$ 106,498</u>	<u>\$ 121,106</u>	<u>\$ 1,179,129</u>	<u>\$ (33,632)</u>	<u>\$ (77,019)</u>	<u>\$ 741,876</u>	<u>\$ 13,769</u>	<u>\$ 3,205,226</u>

The Corporation of the Municipality of Arran-Elderslie
Notes to the Financial Statements

December 31, 2022

For the year ended December 31	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue									
Taxation	\$ 1,349,247	\$ 1,517,903	\$ 1,742,778	\$ -	\$ -	\$ -	\$ 787,061	\$ 224,875	\$ 5,621,864
Fees and user charges	40,876	185,748	43,285	2,673,413	537,004	63,377	399,946	100,726	4,044,375
Specific grants	158,558	15,591	577,420	-	139,060	-	128,813	43,322	1,062,764
OMPF grant	382,176	429,948	493,644	-	-	-	222,936	63,696	1,592,400
Other revenue	369,473	296,681	(30,977)	-	39,637	86,638	84,400	2,100	847,952
	<u>2,300,330</u>	<u>2,445,871</u>	<u>2,826,150</u>	<u>2,673,413</u>	<u>715,701</u>	<u>150,015</u>	<u>1,623,156</u>	<u>434,719</u>	<u>13,169,355</u>
Expenses									
Salaries and benefits	800,260	428,536	1,071,763	422,506	280,858	84,650	870,649	120,424	4,079,534
Interest on debt	-	-	-	-	-	-	-	23,026	23,026
Materials and supplies	254,712	226,303	575,075	408,330	176,670	29,870	416,813	75,030	2,162,803
Contracted services	217,818	1,256,047	605,143	117,311	181,970	41,277	54,638	154,882	2,629,086
Other transfers	(50)	84,446	-	-	-	-	-	-	84,396
Rents and financial expenses	10,242	-	275	-	-	1,051	-	-	11,568
Amortization	41,322	163,332	974,966	647,698	20,341	41,498	164,861	-	2,054,018
	<u>1,324,304</u>	<u>2,158,664</u>	<u>3,227,222</u>	<u>1,595,845</u>	<u>659,839</u>	<u>198,346</u>	<u>1,506,961</u>	<u>373,362</u>	<u>11,044,543</u>
Annual surplus (deficit)	<u>\$ 976,026</u>	<u>\$ 287,207</u>	<u>\$ (401,072)</u>	<u>\$ 1,077,568</u>	<u>\$ 55,862</u>	<u>\$ (48,331)</u>	<u>\$ 116,195</u>	<u>\$ 61,357</u>	<u>\$ 2,124,812</u>

The Corporation of the Municipality of Arran-Elderslie
Schedule of Deferred Revenue

For the year ended December 31, 2022

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
In lieu of parkland	\$ 4,631	\$ 1,000	\$ 98	\$ -	\$ 5,729
Canada Community					
- Building Fund	300,342	215,758	9,592	(2,017)	523,675
Subdivider contributions	22,688	-	482	-	23,170
	<u>327,661</u>	<u>216,758</u>	<u>10,172</u>	<u>(2,017)</u>	<u>552,574</u>
Other					
Ontario Community					
Infrastructure Fund	705,325	665,851	14,886	(641,565)	744,497
Treasure Chest Museum	3,328	-	-	-	3,328
Other revenue	38,095	180,657	-	(38,095)	180,657
	<u>746,748</u>	<u>846,508</u>	<u>14,886</u>	<u>(679,660)</u>	<u>928,482</u>
	<u>\$ 1,074,409</u>	<u>\$ 1,063,266</u>	<u>\$ 25,058</u>	<u>\$ (681,677)</u>	<u>\$1,481,056</u>

The Corporation of the
Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2022

The Corporation of the Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2022

Contents

The Corporation of the Municipality of Arran-Elderslie Trust Funds

Independent Auditor's Report	2 - 3
Balance Sheet and Statement of Continuity	4
Notes to Financial Information	5



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Municipality of Arran-Elderslie Trust
Funds

Opinion

We have audited the accompanying financial information for the Municipality of Arran-Elderslie Trust Funds (Trust Funds), which comprise the balance sheet as at December 31, 2022, the statement of continuity for the year then ended, and notes to the financial information including a summary of significant accounting policies.

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2022 and the statement of continuity 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 Information* section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information 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 Information

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

In preparing the financial information, management is responsible for assessing the Trust Funds 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information 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 this financial information.

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 information, 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 Trust Fund'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 Trust Funds 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 information 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 Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We 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

Owen Sound, Ontario
February 13, 2024

The Corporation of the Municipality of Arran-Elderslie
Trust Funds
Balance Sheet

December 31, 2022

	Total	Care and Maintenance	Cemetery Prepaid
Assets			
Cash	\$ 579,501	\$ 558,324	\$ 21,177
Due from the Municipality of Arran-Elderslie	<u>6,374</u>	<u>6,374</u>	<u>-</u>
	\$ 585,875	\$ 564,698	\$ 21,177
Fund balance	\$ 585,875	\$ 564,698	\$ 21,177

Statement of Continuity

	Total	Care and Maintenance	Cemetery Prepaid
Balance, beginning of the year	<u>\$ 568,573</u>	<u>\$ 547,834</u>	<u>\$ 20,739</u>
Receipts			
Interest	11,916	11,478	438
Plot sales and monument fees	<u>16,864</u>	<u>16,864</u>	<u>-</u>
	28,780	28,342	438
Expenditures			
Transfers to General	<u>11,478</u>	<u>11,478</u>	<u>-</u>
Balance, end of the year	\$ 585,875	\$ 564,698	\$ 21,177

The Corporation of the Municipality of Arran-Elderslie
Trust Funds
Notes to Financial Information

December 31, 2022

1. Summary of Significant Accounting Policies

Management Responsibility	The management of the Corporation of the Municipality of Arran-Elderslie has prepared and is responsible for the integrity, objectivity and accuracy of this financial information. The Council reviews and approves the financial information.
Basis of Accounting	<p>The financial information has been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.</p> <p>Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.
Basis of Consolidation	These trust funds have not been consolidated with the financial statements of the Corporation of the Municipality of Arran-Elderslie.
