

**The Corporation of the
Municipality of Arran-Elderslie
Financial Information
December 31, 2024**

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Consolidated Financial Statements
For the year ended December 31, 2024**

The Corporation of the Municipality of Arran-Elderslie
Consolidated Financial Statements
For the year ended December 31, 2024

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To the Members of Council of The Corporation of the Municipality of Arran-Elderslie:

Qualified Opinion

We have audited the consolidated financial statements of the Municipality of Arran-Elderslie (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, 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 possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, and the results of its consolidated operations, consolidated changes in its net financial assets and its 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 capital assets. It has been determined that adjustments are required to water, sewer, and roads 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 through to December 31, 2024.

Effective January 1, 2023, the Municipality was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2024 and 2023, tangible capital assets and the asset retirement obligations at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 year.

As a result of PS 3280 not being adopted, the Municipality accounts for its landfill closure and post closure liability in accordance with withdrawn PS 3270 Solid Waste Landfill Closure and Post Closure Liability. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2024 and 2023, landfill closure and post closure liability as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 years.

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 the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

Owen Sound, Ontario

November 14, 2025

A stylized, handwritten signature of "MNP LLP" in black ink. The letters are bold and slightly slanted, with the "LLP" part being smaller and positioned to the right of "MNP".

Chartered Professional Accountants

Licensed Public Accountants

The Corporation of the Municipality of Arran-Elderslie

Consolidated Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash and investments (Note 1)	\$ 22,085,030	\$ 22,394,537
Taxes receivable	1,246,060	1,067,836
Trade and other receivables	1,072,374	913,897
Inventory held for resale	7,358	5,824
Long-term receivables (Note 2)	604,347	314,451
	<u>25,015,169</u>	<u>24,696,545</u>
Liabilities		
Accounts payable and accrued liabilities	1,702,803	2,514,061
Solid waste closure and post-closure liabilities (Note 4)	169,755	169,755
Post-employment benefits liabilities (Note 10)	343,698	407,851
Deferred revenue (Page 31)	1,731,618	983,613
Long-term liabilities (Note 5)	419,356	313,707
	<u>4,367,230</u>	<u>4,388,987</u>
Net financial assets	<u>20,647,939</u>	<u>20,307,558</u>
Non-financial assets		
Inventory of supplies	101,208	95,248
Prepaid expenses	64,765	76,691
Tangible capital assets (Note 6)	50,394,796	46,729,873
	<u>50,560,769</u>	<u>46,901,812</u>
Accumulated surplus (Note 7)	<u>\$ 71,208,708</u>	<u>\$ 67,209,370</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	2024 Budget (Note 9)	2024 Actual	2023 Actual
Revenue			
Taxation	\$ 6,916,767	\$ 6,916,530	\$ 6,345,139
Fees and user charges	4,443,911	4,692,062	4,741,936
Government transfers (Note 11)	3,402,512	3,849,883	3,493,808
Other income (Note 12)	1,463,669	2,047,287	1,671,692
	<u>16,226,859</u>	<u>17,505,762</u>	<u>16,252,575</u>
Expenses			
General government	1,527,556	1,560,190	1,476,280
Protection services	2,440,637	2,602,415	2,462,287
Transportation services	2,812,587	3,846,541	3,542,434
Environmental services	1,892,894	2,838,199	2,634,554
Health services	216,971	259,969	257,041
Recreation and cultural services	1,774,036	1,970,474	1,898,955
Planning and development	522,525	428,636	286,169
	<u>11,187,206</u>	<u>13,506,424</u>	<u>12,557,720</u>
Annual surplus (Note 9)	5,039,653	3,999,338	3,694,855
Accumulated surplus, beginning of the year	<u>56,069,806</u>	<u>67,209,370</u>	<u>63,514,515</u>
Accumulated surplus, end of the year	<u>\$ 61,109,459</u>	<u>\$ 71,208,708</u>	<u>\$ 67,209,370</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

For the year ended December 31	2024 Budget (Note 9)	2024 Actual	2023 Actual
Annual surplus (Page 6)	\$ 5,039,653	\$ 3,999,338	\$ 3,694,855
Acquisition of tangible capital assets	(9,564,019)	(6,001,192)	(6,796,938)
Amortization of tangible capital assets	-	2,272,741	2,229,288
Loss on sale of tangible capital assets	-	24,528	45,034
Proceeds on disposal of capital assets	-	39,000	25,330
	(9,564,019)	(3,664,923)	(4,497,286)
Change in prepaid expenses	-	11,926	(16,642)
Change in inventories of supplies	-	(5,960)	(8,880)
	-	5,966	(25,522)
Increase (decrease) in net financial assets	(4,524,366)	340,381	(827,953)
Net financial assets, beginning of the year	20,307,558	20,307,558	21,135,511
Net financial assets, end of the year	\$ 15,783,192	\$ 20,647,939	\$ 20,307,558

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	2024	2023
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 6)	\$ 3,999,338	\$ 3,694,855
Items not involving cash		
Amortization	2,272,741	2,229,288
Post-employment benefits liabilities	(64,153)	15,880
Deferred revenue recognized	(1,293,555)	(876,296)
Change in prepaid expenses	11,926	(16,642)
Loss on sale of capital assets	24,528	45,034
	<u>4,950,825</u>	<u>5,092,119</u>
Changes in non-cash working capital balances		
Taxes receivable	(178,224)	(1,132)
Trade and other receivables	(158,477)	1,033,478
Inventory held for resale	(1,534)	(1,226)
Inventory of supplies	(5,960)	(8,880)
Accounts payable and accrued liabilities	(811,258)	1,195,714
Deferred revenue received	2,041,560	378,853
	<u>5,836,932</u>	<u>7,688,926</u>
Capital transactions		
Cash used to acquire capital assets	(6,001,192)	(6,796,938)
Proceeds on sale of capital assets	39,000	25,330
	<u>(5,962,192)</u>	<u>(6,771,608)</u>
Investing activities		
Increase in long-term receivables	(360,056)	(91,600)
Repayment of long-term receivables	70,160	56,800
Change in investments	9,252	(94)
	<u>(280,644)</u>	<u>(34,894)</u>
Financing activities		
Additions to long-term liabilities	175,400	91,600
Repayment of long-term liabilities	(69,751)	(51,272)
	<u>105,649</u>	<u>40,328</u>
Net change in cash and cash equivalents	<u>(300,255)</u>	<u>922,752</u>
Cash and cash equivalents, beginning of the year (Note 2)	<u>11,864,891</u>	<u>10,942,139</u>
Cash and cash equivalents, end of the year (Note 2)	<u>\$ 11,564,636</u>	<u>\$ 11,864,891</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, 2024

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	70%
Bruce Area Solid Waste Recycling Association	8.63%
Saugeen Mobility and Regional Transit	9.9%

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2024

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. Revenue related to fees or services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned or the service is performed.
- 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, 2024

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 offers 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	<p>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.</p>
Liability for Contaminated Sites	<p>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 \$25,508 has been accrued.</p>

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2024

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.

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when 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 is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. Management intends to complete an assessment of the asset retirement obligation and update the capital asset listing.

Financial Instruments

In accordance with transitional provisions, the Municipality records principal protected notes at cost rather than fair value. Cash is measured at fair value. All other financial assets; investment in GIC's, taxes receivable, trade and other receivables, long-term receivables, accounts payable and accrued liabilities and long-term liabilities are measured at amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2024

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

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.

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.

The Corporation of the Municipality of Arran-Elderslie

Notes to Consolidated Financial Statements

December 31, 2024

1. Cash and Investments

	2024	2023
Cash	\$ 9,933,384	\$ 10,406,591
Cash - Restricted	1,631,252	1,458,300
	11,564,636	11,864,891
Principal protected notes (cost)	9,000,000	10,500,000
Investments - CIBC GIC, 3.9%, due September 25, 2025	1,500,000	-
Investments - Restricted GIC's	20,394	29,646
	\$ 22,085,030	\$ 22,394,537

The bank account earns interest at the average prime rate less 1.7%. The restricted investments are GIC's with interest rates between 3.65% and 4.5% and mature between August 2025 and January 2028.

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 2025 to 2028. Market value at Dec 31, 2024 was \$9,282,330.

2. Long-Term Receivables

	2024	2023
Tile drainage loans, 6%, due 2025 to 2034	\$ 419,356	\$ 313,707
Loan receivable, Kinette Club	335	744
Loan receivable, Chesley Kinsmen, 0%, due Dec 2029	134,656	-
Loan receivable, Chesley Curling Club, 0%, due Dec 2029	50,000	-
	\$ 604,347	\$ 314,451

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, 2024, 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, 2024

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 liabilities have been partially funded through budget allocations.

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.

5. Long-Term Liabilities

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

	2024	2023
	<u>\$</u>	<u>\$</u>
Tile drainage loans, 6%, due 2025 to 2034	419,356	313,707

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

2025	\$ 55,245
2026	55,476
2027	52,609
2028	49,570
2029	45,751
Thereafter	<u>160,705</u>
	<u>\$ 419,356</u>

Interest paid during the year totalled \$18,883 (2023 - \$13,964).

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

December 31, 2024

6. Tangible Capital Assets

	2024								
	Land and Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Work in Progress	Total
Cost, beginning of the year	\$ 1,691,219	\$ 8,641,338	\$ 3,879,265	\$ 50,591,215	\$ 37,086,443	\$ 9,312,187	\$ 7,653,437	\$ 2,401,108	\$ 121,256,212
Additions	340,262	1,326,535	260,143	1,294,809	1,662,307	-	360,059	757,077	6,001,192
Disposals	-	(2,386)	(72,584)	(1,617)	(16,177)	-	(702,335)	-	(795,099)
Transfers	261,816	132,710	107,357	369,118	112,202	-	26,209	1,009,412)	-
Cost, end of the year	2,293,297	10,098,197	4,174,181	52,253,525	38,844,775	9,312,187	7,337,370	2,148,773	126,462,305
Accumulated amortization, beginning of the year	265,585	5,048,728	2,252,955	40,696,650	15,710,195	5,451,369	5,100,857	-	74,526,339
Amortization	76,521	228,456	246,809	582,849	634,208	200,498	303,400	-	2,272,741
Disposals	-	(1,909)	(17,007)	(1,449)	(7,280)	-	(703,926)	-	(731,571)
Transfers	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of the year	342,106	5,275,275	2,482,757	41,278,050	16,337,123	5,651,867	4,700,331	-	76,067,509
Net carrying amount, end of the year	\$ 1,951,191	\$ 4,822,922	\$ 1,691,424	\$ 10,975,475	\$ 22,507,652	\$ 3,660,320	\$ 2,637,039	\$ 2,148,773	\$ 50,394,796

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

December 31, 2024

6. Tangible Capital Assets - (continued)

	2023								
	Land and Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Work in Progress	Total
Cost, beginning 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
Additions	64,645	257,646	395,062	1,627,190	1,616,273	164,155	731,280	1,940,687	6,796,938
Disposals	-	(1,150)	(27,028)	-	(155,199)	-	(101,411)	-	(284,788)
Transfers	260,986	247,556	166,809	34,098	136,966	-	-	(846,415)	-
Cost, end of the year	1,691,219	8,641,338	3,879,265	50,591,215	37,086,443	9,312,187	7,653,437	2,401,108	121,256,212
Accumulated amortization, beginning 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
Amortization	49,984	191,123	256,405	583,083	642,678	226,183	279,832	-	2,229,288
Disposals	-	-	(25,483)	-	(81,387)	-	(107,554)	-	(214,424)
Transfers	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of the year	265,585	5,048,728	2,252,955	40,696,650	15,710,195	5,451,369	5,100,857	-	74,526,339
Net carrying amount, end of the year	\$ 1,425,634	\$ 3,592,610	\$ 1,626,310	\$ 9,894,565	\$ 21,376,248	\$ 3,860,818	\$ 2,552,580	\$2,401,108	\$ 46,729,873

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

6. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction or development is \$2,148,773 (2023 - \$2,401,108).

7. Accumulated Surplus

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

	<u>2024</u>	<u>2023</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 50,394,796	\$ 46,729,873
Unfunded post-employment benefits	(343,698)	(407,851)
Unfunded solid waste closure and post-closure costs	(4,717)	(4,717)
Fire surplus	277	277
Bruce Area Solid Waste Recycling (B.A.S.W.R.)	<u>60,689</u>	<u>(799)</u>
	50,107,347	46,316,783
Reserves and reserve funds (Note 8)	<u>21,101,361</u>	<u>20,892,587</u>
Accumulated surplus	<u>\$ 71,208,708</u>	<u>\$ 67,209,370</u>

As per resolution of Council the general 2024 operating surplus of \$246,818 was transferred from working capital reserve.

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

	<u>2024</u>	<u>2023</u>
Reserves		
Working funds	\$ 3,155,889	\$ 2,849,277
Sick leave	523,501	537,053
Sewer	4,544,943	3,997,995
Water	8,470,815	8,613,859
Capital purposes	<u>4,365,497</u>	<u>4,855,640</u>
	21,060,645	20,853,824
Reserve funds		
Capital purposes	<u>40,716</u>	<u>38,763</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 21,101,361</u>	<u>\$ 20,892,587</u>

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

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 2024 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.

	2024	2024	2023
	Budget	Actual	Actual
Annual surplus (Page 6)	\$ 5,039,653	\$ 3,999,338	\$ 3,694,855
Amortization	-	2,272,741	2,229,288
Change in other surpluses	-	(61,488)	19,851
Change in unfunded liabilities	-	(64,153)	15,880
	5,039,653	6,146,438	5,959,874
Transfers to reserves from operations	(3,980,705)	(4,096,448)	(4,583,451)
Transfers from reserves for operations	734,580	553,055	417,390
Transfers from reserves for capital	7,770,491	6,013,265	6,386,795
Transfer unspent capital to reserves	-	(2,431,828)	(1,512,581)
Capital acquisitions, disposals and write-down	(9,564,019)	(5,937,664)	(6,726,574)
Current year general operating surplus (deficit) before transfers to reserve	-	246,818	(58,547)
Transfer of current year general operating (surplus) deficit (to) from reserve	-	(246,818)	58,547
Accumulated general surplus (Note 7)	\$ -	\$ -	\$ -

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

10. Post-Employment Benefit Liabilities

	2024	2023
Accumulating sick leave (unamortized gain \$165,344)	\$ 343,698	\$ 336,940
Post-employment benefits	-	70,911
	\$ 343,698	\$ 407,851

- 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.

	2024	2023
Sick leave liability, beginning of the year	\$ 336,940	\$ 318,778
Amortization of actuarial gain	(16,998)	(7,725)
Current year benefit expense	18,432	17,502
Interest accrued	5,324	8,385
Benefits paid	-	-
Sick leave liability, end of the year	\$ 343,698	\$ 336,940

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, 2024 is \$343,698. The reserve account maintained by the municipality at December 31, 2024 per the agreement is \$523,501 and any future sick leave payouts will be funded from the reserve.

- b) The municipality offers certain health, dental, travel and life insurance benefits on behalf of its retired members to the age of 70. These benefits are 100% paid by the retiree. To date, no employees have chosen the retiree benefits. The election rate in prior valuations was set at 25%. Management estimates the election rate to be 0%. The estimate for retirement benefits has been adjusted to reflect this change in assumption and no formal valuation has been conducted for these benefits because of this change in assumption.

	2024	2023
Accrued benefit liability, beginning of the year	\$ 70,911	\$ 73,193
Amortization of actuarial gain	(70,911)	(4,768)
Current year benefit expense	-	2,599
Interest accrued	-	1,407
Benefit payments	-	(1,520)
Accrued benefit liability, end of the year	\$ -	\$ 70,911

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

December 31, 2024

11. Government Transfers

	2024	2024	2023
	Budget	Actual	Actual
Operating			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,627,000	\$ 1,618,100	\$ 1,627,000
Public Works	22,000	25,163	20,472
Other	68,984	337,200	280,646
Total operating transfers	1,717,984	1,980,463	1,928,118
Tangible Capital Asset			
Canada Community Building Fund	-	-	27,515
Ontario Community Infrastructure Fund	1,101,458	1,223,941	734,144
Canada Community Revitalization Fund	-	153,176	773,611
Investing Canada Infrastructure Program	274,088	246,664	-
Ontario Trillium Foundation	115,000	115,000	-
Other	193,982	130,639	30,420
Total tangible capital asset transfers	1,684,528	1,869,420	1,565,690
Total Transfers	\$ 3,402,512	\$ 3,849,883	\$ 3,493,808

12. Other Income

	2024	2024	2023
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 145,000	\$ 166,388	\$ 156,970
Other fines and penalties	400	4,400	980
Investment income	454,407	791,991	618,346
Licenses, permits and rents	421,574	296,160	421,162
Donations	109,100	433,410	324,867
Local improvement special charges	4,965	10,002	4,648
Loss on disposal of capital assets	18,000	(24,528)	(45,034)
Other	310,223	369,464	189,753
	\$ 1,463,669	\$ 2,047,287	\$ 1,671,692

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

13. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 45 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 2024 by the Municipality was \$270,332 (2023 - \$254,615). The contribution rate for 2024 was 9.0% to 15.8% depending on age and income level (2023 - 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, 2024. At that time the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion), based on actuarial liabilities of \$140.8 billion (2023 - \$134.57 billion) and actuarial assets of \$137.9 billion (2023 - \$130.37 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:

	2024	2023
School boards	\$ 1,569,220	\$ 1,449,407
County of Bruce	3,907,513	3,560,147
	<u>\$ 5,476,733</u>	<u>\$ 5,009,554</u>

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.

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

16. Commitments

The municipality had also committed to the construction of the Paisley Fire Hall for \$2,700,000, purchase of a tandem plow truck for \$400,000 and a pickup truck for \$58,320 to be delivered subsequent to year-end.

The Chesley & Area Fire Department Joint Board of Management approved a tender to purchase a pumper truck on September 24, 2024 for \$760,000 plus HST with delivery expected in 2026. A deposit of 10% was paid in 2024, 25% to be paid in 2025 and the remainder 65% to be paid on delivery in 2026. The Municipality of Arran-Elderslie's share of the pumper truck costs is 70%.

17. 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 8.63% interest. The Bruce Area Solid Waste Recycling has been consolidated into these financial statements.

	<u>2024</u>	<u>2023</u>
Financial assets	\$ 1,901,664	\$ 1,261,989
Liabilities	<u>434,979</u>	<u>208,967</u>
Net financial assets	1,466,685	1,053,022
Non-financial assets	<u>1,675,536</u>	<u>1,662,338</u>
Accumulated surplus	<u>\$ 3,142,221</u>	<u>\$ 2,715,360</u>
Revenues	4,621,792	3,829,826
Expenses	<u>4,194,931</u>	<u>4,389,478</u>
Annual deficit	<u>\$ 426,861</u>	<u>\$ (559,652)</u>

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

18. 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 70%.

	2024	2023
Financial assets	\$ 23,034	\$ 34,613
Liabilities	-	5,059
Net financial assets	23,034	29,554
Non-financial assets	291,986	233,449
Accumulated surplus	\$ 315,020	\$ 263,003
Revenues	\$ 385,862	\$ 442,356
Expenses	333,845	296,939
Annual deficit	\$ 52,017	\$ 145,417

19. 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 9.9%.

	2024	2023
Financial assets	\$ 183,842	\$ 301,842
Liabilities	282,484	390,065
Net financial debt	(98,642)	(88,223)
Non-financial assets	856,098	706,096
Accumulated surplus	\$ 757,456	\$ 617,873
Revenues	\$ 2,224,508	\$ 2,158,413
Expenses	2,084,925	1,914,145
Annual deficit	\$ 139,583	\$ 244,268

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

20. Trust Funds

The trust funds administered by the Municipality amounting to \$633,633 (2023 - \$609,462) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities.

21. Financial Instruments

Financial Instrument Risk Management

The Municipalityship is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Municipalityship's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements. There have not been any changes from the prior year in the Municipality's exposure to interest rate risk, credit risk or liquidity risk or the policies, procedures and methods it uses to manage and measure these risks.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipalityship is exposed to interest rate risk arising from the changes in interest rates on its variable rate bank account.

Credit Risk

The Municipalityship is exposed to credit risk arising from its cash, taxes receivable, trade and other receivables and long-term receivables. On December 31, 2024, the Municipality had deposits of \$22,151,726 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor. There is the possibility of non-collection of taxes receivable, trade and other receivables and long-term receivables. The majority of the Municipalityship's receivables are from ratepayers and government entities. For receivables, the Municipalityship measures impairment of each receivable type based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the Municipalityship's maximum exposure to credit risk related to receivables, were as follows:

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	\$ 22,085,030	\$ -	\$ -	\$ -	-
Taxes receivable	-	-	814,236	391,381	40,443
Trade and other receivables	1,072,374	-	-	-	-
Long-term receivables	27,623	-	27,623	128,085	421,016
Total	\$ 23,185,027	\$ -	841,859	519,466	461,459

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

21. Financial Instruments - (continued)

Liquidity Risk

Liquidity risk is the risk that the Municipalityship encounters difficulty in meeting its obligations as they fall due. The Municipalityship has a planning and budgeting process in place to help determine the funds required to support the Municipalityship's normal operating requirements on an ongoing basis. The Municipalityship is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term liabilities. The Municipalityship ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. Further, the Municipalityship seeks to maintain an available line of credit balance as approved by the appropriate borrowing by-law to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Within 6 months	6 months to 1 year	1 - 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 1,702,803	\$ -	\$ -	-
Long-term debt	27,623	27,623	203,406	160,704
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	\$ 1,730,426	\$ 27,623	\$ 203,406	160,704
	<hr/>	<hr/>	<hr/>	<hr/>

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Municipality is exposed to other price risk through its investments in principal protected notes that are indexed to equity instruments, which causes fluctuation in the reported fair value of the Municipality's investments from one period to the next.

The Municipality manages its other price risk by diversifying its portfolio holdings to a variety of indices and primarily invests in assets that offer a principal protection guarantee in order to reduce the potential for financial losses. The Municipality measures its exposure to other price risk based on investments valued less than the guaranteed amount. The Municipality monitors the market values regularly to ensure that notes with a value below the principal are not cashed out before maturity.

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2024

22. Segmented Information

The Corporation of 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, 2024

22. 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, 2024

For the year ended December 31, 2024	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2024 Total
Revenue									
Taxation	\$ 2,144,124	\$ 1,521,637	\$ 2,144,124	\$ -	\$ -	\$ 69,165	\$ 760,818	\$ 276,661	\$ 6,916,530
Fees and user charges	29,438	226,664	55,849	2,930,575	649,480	93,709	693,023	13,324	4,692,062
Specific grants	39,757	(17)	1,423,127	-	199,143	-	545,659	24,114	2,231,783
OMPF grant	501,611	355,982	501,611	-	-	16,181	177,991	64,724	1,618,100
Other revenue	919,099	266,675	120,683	4,648	3,744	179,036	553,402	-	2,047,287
	3,634,029	2,370,941	4,245,394	2,935,223	852,367	358,091	2,730,893	378,823	17,505,762
Expenses									
Salaries and benefits	841,155	623,408	1,254,693	575,611	322,588	101,570	1,044,385	148,065	4,911,475
Interest on debt	-	-	-	-	-	-	-	18,883	18,883
Materials and supplies	309,447	366,380	835,546	524,247	208,407	53,776	599,480	188,741	3,086,024
Contracted services	273,198	1,336,539	745,423	254,448	262,677	69,712	61,184	72,947	3,076,128
Other transfers	-	104,914	-	-	-	-	-	-	104,914
Rents and financial expenses	15,086	-	814	-	-	-	20,360	-	36,260
Amortization	121,304	171,174	1,010,065	671,398	18,823	34,911	245,065	-	2,272,740
	1,560,190	2,602,415	3,846,541	2,025,704	812,495	259,969	1,970,474	428,636	13,506,424
Annual surplus (deficit)	\$2,073,839	\$ (231,474)	\$ 398,853	\$ 909,519	\$ 39,872	\$ 98,122	\$ 760,419	\$ (49,813)	\$ 3,999,338

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

December 31, 2024

For the year ended December 31, 2023	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue									
Taxation	\$ 1,966,993	\$ 1,395,931	\$ 1,903,542	\$ -	\$ 63,451	\$ 63,451	\$ 761,417	\$ 190,354	\$ 6,345,139
Fees and user charges	18,587	215,242	62,636	3,047,630	585,451	85,551	702,085	24,754	4,741,936
Specific grants	17,553	37,923	1,212,566	313,939	167,382	13,642	100,041	3,762	1,866,808
OMPF grant	504,370	357,940	488,100	-	16,270	16,270	195,240	48,810	1,627,000
Other revenue	809,099	267,144	54,619	4,648	3,744	179,036	353,402	-	1,671,692
	<u>3,316,602</u>	<u>2,274,180</u>	<u>3,721,463</u>	<u>3,366,217</u>	<u>836,298</u>	<u>357,950</u>	<u>2,112,185</u>	<u>267,680</u>	<u>16,252,575</u>
Expenses									
Salaries and benefits	906,870	536,052	1,145,213	535,968	317,984	97,415	985,299	94,018	4,618,819
Interest on debt	-	-	-	-	-	-	-	13,964	13,964
Materials and supplies	257,338	324,899	876,138	410,459	221,449	47,221	621,570	80,378	2,839,452
Contracted services	231,838	1,335,618	524,052	161,609	256,627	69,885	52,254	97,809	2,729,692
Other transfers	124	96,353	-	-	-	-	-	-	96,477
Rents and financial expenses	8,463	-	290	-	105	-	21,169	-	30,027
Amortization	71,647	169,365	996,741	710,852	19,501	42,520	218,663	-	2,229,289
	<u>1,476,280</u>	<u>2,462,287</u>	<u>3,542,434</u>	<u>1,818,888</u>	<u>815,666</u>	<u>257,041</u>	<u>1,898,955</u>	<u>286,169</u>	<u>12,557,720</u>
Annual surplus (deficit)	\$ 1,840,322	\$ (188,107)	\$ 179,029	\$ 1,547,329	\$ 20,632	\$ 100,909	\$ 213,230	\$ (18,489)	\$ 3,694,855

The Corporation of the Municipality of Arran-Elderslie

Schedule of Deferred Revenue

For the year ended December 31, 2024

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
In lieu of parkland	\$ 5,992	\$ 2,573	\$ 318	\$ -	\$ 8,883
Federal gas tax	752,993	220,707	2,758	-	976,458
Subdivider contributions	24,396	-	1,296	-	25,692
	<u>783,381</u>	<u>223,280</u>	<u>4,372</u>	<u>-</u>	<u>1,011,033</u>
Other					
Ontario Community					
Infrastructure Fund	42,594	1,646,317	39,856	(1,223,941)	504,826
Library Accessibility Grant	70,348	-	-	-	70,348
Building permits	-	121,591	-	-	121,591
Treasure Chest Museum	3,328	-	-	-	3,328
Other revenue	83,962	6,144	-	(69,614)	20,492
	<u>200,232</u>	<u>1,774,052</u>	<u>39,856</u>	<u>(1,293,555)</u>	<u>720,585</u>
	<u>\$ 983,613</u>	<u>\$ 1,997,332</u>	<u>\$ 44,228</u>	<u>\$ (1,293,555)</u>	<u>\$1,731,618</u>

**The Corporation of the
Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2024**

**The Corporation of the Municipality of Arran-Elderslie
Trust Funds**
For the year ended December 31, 2024

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The Corporation of the Municipality of Arran-Elderslie Trust Funds

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To the Members of Council of the Municipality of Arran-Elderslie

Opinion

We have audited the accompanying financial information for the Corporation of the Municipality of Arran-Elderslie Trust Funds (Trust Funds), which comprise the balance sheet as of December 31, 2024, 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 accompanying financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2024 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

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 Fund's 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 is 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 Fund'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 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.

Owen Sound, Ontario

November 14, 2025

A stylized, handwritten signature of "MNP LLP" in black ink.

Chartered Professional Accountants

Licensed Public Accountants

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

December 31, 2024

	Total	Care and Maintenance	Cemetery Prepaid
Assets			
Cash	\$ 625,177	\$ 601,695	\$ 23,482
Due from the Municipality of Arran-Elderslie	8,456	8,456	-
	633,633	610,151	23,482
Fund balance	\$ 633,633	\$ 610,151	\$ 23,482

Statement of Continuity

	Total	Care and Maintenance	Cemetery Prepaid
Balance, beginning of the year	\$ 609,462	\$ 587,165	\$ 22,297
Receipts			
Interest	31,996	30,811	1,185
Plot sales and monument fees	22,986	22,986	-
	54,982	53,797	1,185
Expenditures			
Transfers to General	30,811	30,811	-
Balance, end of the year	\$ 633,633	\$ 610,151	\$ 23,482

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

December 31, 2024

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.
Financial Instrument	Cash is measured at fair value. All other financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the balance sheet. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of continuity. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

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

December 31, 2024

2. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The trust funds are exposed to credit risk arising from its cash and due from the Municipality of Arran-Elderslie. Cash is held in accounts at one financial institution. The Canadian Deposit Insurance Corporation insures up to a maximum of \$100,000 per depositor per financial institution.

There have not been any changes from the prior year in the Municipality's exposure to interest rate risk, credit risk or liquidity risk or the policies, procedures and methods it uses to manage and measure these risks.
