

**The Corporation of the  
Municipality of Arran-Elderslie  
Financial Information  
December 31, 2023**

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**December 31, 2023**

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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, 2023, 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, 2023, 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, 2023.

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, 2023 and 2022, tangible capital assets and the asset retirement obligations at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 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, 2023 and 2022, landfill closure and post closure liability as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 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.

#### **Other Matter**

The consolidated financial statements for the year ended December 31, 2022 were audited by another auditor who expressed a qualified opinion on those statements on February 13, 2024 for the reasons described in the first paragraph of the Basis for Qualified Opinion paragraph.

#### **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

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, handwritten-style font, followed by 'LLP' in a smaller, similar font.

Chartered Professional Accountants

Licensed Public Accountants

## The Corporation of the Municipality of Arran-Elderslie

### Consolidated Statement of Financial Position

December 31	2023	2022
<b>Financial assets</b>		
Cash and investments (Note 2)	\$ 22,394,537	\$ 21,471,691
Taxes receivable	1,067,836	1,066,704
Trade and other receivables	913,897	1,947,375
Inventory held for resale	5,824	4,598
Long-term receivables (Note 3)	314,451	279,651
	<u>24,696,545</u>	<u>24,770,019</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,514,061	1,318,347
Solid waste closure and post-closure liabilities (Note 5)	169,755	169,755
Post-employment benefits liabilities (Note 11)	407,851	391,971
Deferred revenue (Page 31)	983,613	1,481,056
Long-term liabilities (Note 6)	313,707	273,379
	<u>4,388,987</u>	<u>3,634,508</u>
<b>Net financial assets</b>	<u>20,307,558</u>	<u>21,135,511</u>
<b>Non-financial assets</b>		
Inventory of supplies	95,248	86,368
Prepaid expenses	76,691	60,049
Tangible capital assets (Note 7)	46,729,873	42,232,587
	<u>46,901,812</u>	<u>42,379,004</u>
<b>Accumulated surplus (Note 8)</b>	<u>\$ 67,209,370</u>	<u>\$ 63,514,515</u>



## The Corporation of the Municipality of Arran-Elderslie

### Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2023 Budget (Note 10)	2023 Actual	2022 Actual
<b>Revenue</b>			
Taxation	\$ 6,377,509	\$ 6,345,139	\$ 5,976,490
Fees and user charges	4,317,107	4,741,936	4,532,223
Government transfers (Note 12)	3,705,657	3,493,808	3,935,607
Other income (Note 13)	1,532,104	1,671,692	1,367,233
	<u>15,932,377</u>	<u>16,252,575</u>	<u>15,811,553</u>
<b>Expenses</b>			
General government	1,432,274	1,476,280	1,615,827
Protection services	2,381,845	2,462,287	2,354,778
Transportation services	2,666,648	3,542,434	3,644,977
Environmental services	1,714,733	2,634,554	2,471,703
Health services	203,329	257,041	257,842
Recreation and cultural services	1,719,125	1,898,955	1,880,976
Planning and development	444,573	286,169	380,224
	<u>10,562,527</u>	<u>12,557,720</u>	<u>12,606,327</u>
<b>Annual surplus (Note 10)</b>	5,369,850	3,694,855	3,205,226
<b>Accumulated surplus, beginning of the year</b>	<u>56,069,806</u>	<u>63,514,515</u>	<u>60,309,289</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 61,439,656</u>	<u>\$ 67,209,370</u>	<u>\$ 63,514,515</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	2023 Budget (Note 10)	2023 Actual	2022 Actual
<b>Annual surplus (Page 6)</b>	\$ 5,369,850	\$ 3,694,855	\$ 3,205,226
Acquisition of tangible capital assets	(9,711,211)	(6,796,938)	(4,907,280)
Amortization of tangible capital assets	-	2,229,288	2,149,097
Gain (loss) on sale of tangible capital assets	-	45,034	(288,655)
Proceeds on disposal of capital assets	-	25,330	291,007
	(9,711,211)	(4,497,286)	(2,755,831)
Change in prepaid expenses	-	(16,642)	20,376
Change in inventories of supplies	-	(8,880)	(10,001)
	-	(25,522)	10,375
<b>Increase (decrease) in net financial assets</b>	(4,341,361)	(827,953)	459,770
<b>Net financial assets, beginning of the year</b>	21,135,511	21,135,511	20,675,741
<b>Net financial assets, end of the year</b>	\$ 16,794,150	\$ 20,307,558	\$ 21,135,511

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	2023	2022
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (Page 6)	\$ 3,694,855	\$ 3,205,226
Items not involving cash		
Solid waste closure and post-closure liabilities	-	7,820
Amortization	2,229,288	2,149,097
Post-employment benefits liabilities	15,880	14,222
Deferred revenue recognized	(876,296)	(681,677)
Change in prepaid expenses	(16,642)	20,376
Loss on sale of capital assets	45,034	(288,655)
	<u>5,092,119</u>	<u>4,426,409</u>
Changes in non-cash working capital balances		
Taxes receivable	(1,132)	(77,518)
Trade and other receivables	1,033,478	(1,104,843)
Inventory held for resale	(1,226)	631
Inventory of supplies	(8,880)	(10,001)
Accounts payable and accrued liabilities	1,195,714	(190,129)
Deferred revenue received	378,853	1,088,324
	<u>7,688,926</u>	<u>4,132,873</u>
<b>Capital transactions</b>		
Cash used to acquire capital assets	(6,796,938)	(4,907,280)
Proceeds on sale of capital assets	25,330	291,007
	<u>(6,771,608)</u>	<u>(4,616,273)</u>
<b>Investing activities</b>		
Increase in long-term receivables	(91,600)	-
Repayment of long-term receivables	56,800	61,212
Change in investments	(94)	(36)
	<u>(34,894)</u>	<u>61,176</u>
<b>Financing activities</b>		
Additions to long-term liabilities	91,600	-
Repayment of long-term liabilities	(51,272)	(55,442)
	<u>40,328</u>	<u>(55,442)</u>
<b>Net change in cash and cash equivalents</b>	<b>922,752</b>	<b>(477,666)</b>
<b>Cash and cash equivalents, beginning of the year (Note 2)</b>	<b>10,942,139</b>	<b>11,419,805</b>
<b>Cash and cash equivalents, end of the year (Note 2)</b>	<b>\$ 11,864,891</b>	<b>\$ 10,942,139</b>

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

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## The Corporation of the Municipality of Arran-Elderslie

### Summary of Significant Accounting Policies

**December 31, 2023**

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**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	8.63%
Saugeen Mobility and Regional Transit	9.6%

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## The Corporation of the Municipality of Arran-Elderslie

### Summary of Significant Accounting Policies

December 31, 2023

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#### 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.

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## The Corporation of the Municipality of Arran-Elderslie

### Summary of Significant Accounting Policies

**December 31, 2023**

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<b>Inventory</b>	<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>
<b>Post-Employment Benefits</b>	<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>
<b>Solid Waste Landfill Closure and Post-Closure Costs</b>	<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>
<b>Liability for Contaminated Sites</b>	<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 \$30,000 has been accrued.</p>

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## The Corporation of the Municipality of Arran-Elderslie

### Summary of Significant Accounting Policies

December 31, 2023

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#### **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.

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## The Corporation of the Municipality of Arran-Elderslie

### Summary of Significant Accounting Policies

**December 31, 2023**

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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.



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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Consolidated Financial Statements

December 31, 2023

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#### 1. Change in Accounting Policy

On January 1, 2023 the Municipality adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard is required to be adopted prospectively, therefore comparative figures have not been restated.

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#### 2. Cash and Investments

	2023	2022
Cash	\$ 10,406,591	\$ 9,915,254
Cash - Restricted	1,458,300	1,026,885
	11,864,891	10,942,139
Principal protected notes (cost)	10,500,000	10,500,000
Investments - Restricted GIC's	29,646	29,552
	<u>\$ 22,394,537</u>	<u>\$ 21,471,691</u>

The bank account earns interest at the average prime rate less 1.7%. The restricted investments are GIC's with interest rates between 3.15% and 4.25% and mature between June 2024 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 2024 to 2028. Market value at Dec 31, 2023 was \$9,968,625.

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#### 3. Long-Term Receivables

	2023	2022
Tile drainage loans, 6%, due 2024 to 2033	\$ 313,707	\$ 273,379
Kinette Club	744	6,272
	<u>\$ 314,451</u>	<u>\$ 279,651</u>

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#### 4. 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, 2023, the municipality had a \$2,000,000 unused operating facility.

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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Consolidated Financial Statements

December 31, 2023

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#### 5. 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.

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#### 6. Long-Term Liabilities

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

	2023	2022
Tile drainage loans, 6%, due 2024 to 2033	\$ 313,707	\$ 273,379

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

2024	\$ 58,576
2025	41,711
2026	41,129
2027	37,401
2028	33,450
Thereafter	101,440
	<u>\$ 313,707</u>

Interest paid during the year totalled \$13,964 (2022 - \$19,585).

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

**December 31, 2023**

**7. Tangible Capital Assets**

	<b>2023</b>								
	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, 2023**

**7. Tangible Capital Assets - (continued)**

									2022 (restated)
	Land and Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Work in Progress	Total
Cost, beginning of the year	\$ 1,102,916	\$ 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

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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Financial Statements

**December 31, 2023**

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#### 7. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction or development is \$2,401,108 (2022 - \$1,306,836).

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#### 8. Accumulated Surplus

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

	<u>2023</u>	<u>2022</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 46,729,873	\$ 42,232,587
Unfunded post-employment benefits	(407,851)	(391,971)
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.)	(799)	19,052
	<u>46,316,783</u>	<u>41,855,228</u>
Reserves and reserve funds (Note 9)	<u>20,892,587</u>	<u>21,659,287</u>
Accumulated surplus	<u>\$ 67,209,370</u>	<u>\$ 63,514,515</u>

As per resolution of Council the general 2023 operating deficit of \$58,547 was transferred from working capital reserve.

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

	<u>2023</u>	<u>2022</u>
<b>Reserves</b>		
Working funds	\$ 2,849,277	\$ 2,849,070
Sick leave	537,053	484,364
Sewer	3,997,995	3,715,230
Water	8,613,859	8,545,286
Capital purposes	4,855,640	6,021,895
	<u>20,853,824</u>	<u>21,615,845</u>
<b>Reserve funds</b>		
Capital purposes	<u>38,763</u>	<u>43,442</u>
<b>Reserves and reserve funds set aside for specific purpose by Council</b>	<u>\$ 20,892,587</u>	<u>\$ 21,659,287</u>

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# The Corporation of the Municipality of Arran-Elderslie

## Notes to Financial Statements

**December 31, 2023**

### 10. 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 2023 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.

	2023	2023	2022
	Budget	Actual	Actual
Annual surplus (Page 6)	\$ 5,369,850	\$ 3,694,855	\$ 3,205,226
Amortization	-	2,229,288	2,149,097
Change in other surpluses	-	19,851	2,814
Change in unfunded liabilities	-	15,880	22,042
	5,369,850	5,959,874	5,379,179
Transfers to reserves from operations	(3,882,835)	(4,583,451)	(4,083,110)
Transfers from reserves for operations	677,682	417,390	945,938
Transfers from reserves for capital	7,546,514	6,386,795	5,108,294
Transfer unspent capital to reserves	-	(1,512,581)	(2,331,108)
Capital acquisitions, disposals and write-down	(9,711,211)	(6,726,574)	(4,904,928)
Current year general operating surplus before transfers to reserve	-	(58,547)	114,265
Transfer of current year general operating (surplus) deficit (to) from reserve	-	58,547	(114,265)
Accumulated general surplus (Note 8)	\$ -	\$ -	\$ -

# The Corporation of the Municipality of Arran-Elderslie

## Notes to Financial Statements

**December 31, 2023**

### 11. Post-Employment Benefit Liabilities

	2023	2022
Accumulating sick leave (unamortized gain \$61,787)	\$ 336,940	\$ 318,778
Post-employment benefits (unamortized gain \$25,681)	70,911	73,193
	<b>\$ 407,851</b>	<b>\$ 391,971</b>

- 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.

	2023	2022
Sick leave liability, beginning of the year	\$ 318,778	\$ 302,299
Amortization of actuarial gain	(7,725)	(7,725)
Current year benefit expense	17,502	16,618
Interest accrued	8,385	7,586
Benefits paid	-	-
Sick leave liability, end of the year	<b>\$ 336,940</b>	<b>\$ 318,778</b>

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, 2023 is \$336,940. The reserve account maintained by the municipality at December 31, 2023 per the agreement is \$537,053 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. 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 5.75% increase was used for 2022 and decreasing .33% until 2027 where 3.75% was used thereafter.

	2023	2022
Accrued benefit liability, beginning of the year	\$ 73,193	\$ 75,216
Amortization of actuarial gain	(4,768)	(4,768)
Current year benefit expense	2,599	2,468
Interest accrued	1,407	1,323
Benefit payments	(1,520)	(1,046)
Accrued benefit liability, end of the year	<b>\$ 70,911</b>	<b>\$ 73,193</b>

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

**December 31, 2023**

**12. Government Transfers**

	2023 Budget	2023 Actual	2022 Actual
<b>Operating</b>			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,627,000	\$ 1,627,000	\$ 1,622,300
Public Works	35,000	20,472	24,690
Other	82,484	280,646	359,168
<b>Total operating transfers</b>	<b>1,744,484</b>	<b>1,928,118</b>	<b>2,006,158</b>
<b>Tangible Capital Asset</b>			
Canada Community Building Fund	-	27,515	2,017
Ontario Community Infrastructure Fund	544,700	734,144	641,564
Canada Community Revitalization Fund	974,521	773,611	430,713
Investing Canada Infrastructure Program	412,386	-	763,787
Other	29,566	30,420	91,368
<b>Total tangible capital asset transfers</b>	<b>1,961,173</b>	<b>1,565,690</b>	<b>1,929,449</b>
<b>Total Transfers</b>	<b>\$ 3,705,657</b>	<b>\$ 3,493,808</b>	<b>\$ 3,935,607</b>

**13. Other Income**

	2023 Budget	2023 Actual	2022 Actual
Penalties and interest on taxation	\$ 145,000	\$ 156,970	\$ 146,625
Other fines and penalties	400	980	168
Investment income	454,407	618,346	284,846
Licenses, permits and rents	399,237	421,162	384,870
Donations	114,877	324,867	206,674
Local improvement special charges	4,892	4,648	15,404
Loss on disposal of capital assets	96,000	(45,034)	288,655
Other	317,291	189,753	39,991
	<b>\$ 1,532,104</b>	<b>\$ 1,671,692</b>	<b>\$ 1,367,233</b>



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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Financial Statements

**December 31, 2023**

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#### **14. Pension Agreements**

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 47 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 2023 by the Municipality was \$254,615 (2022 - \$242,412). The contribution rate for 2023 was 9.0% to 15.8% depending on age and income level (2022 - 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, 2023. At that time the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.68 billion), based on actuarial liabilities of \$134.57 billion (2022 - \$128.79 billion) and actuarial assets of \$130.37 billion (2022 - \$122.11 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.

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#### **15. 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:

	<u>2023</u>	<u>2022</u>
School boards	\$ 1,449,407	\$ 1,419,131
County of Bruce	<u>3,560,147</u>	<u>3,288,466</u>
	<u>\$ 5,009,554</u>	<u>\$ 4,707,597</u>

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#### **16. 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.

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

**December 31, 2023**

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**17. Commitments**

As of December 31, the Municipality has committed to various capital projects with a total cost of \$810,319 of which \$663,193 was paid in the year and \$147,126 is still to be paid.

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

	<u>2023</u>	<u>2022</u>
Financial assets	\$ 1,261,989	\$ 1,989,111
Liabilities	<u>208,967</u>	<u>230,105</u>
Net financial assets	1,053,022	1,759,006
Non-financial assets	<u>1,662,338</u>	<u>1,516,006</u>
Accumulated surplus	<u>\$ 2,715,360</u>	<u>\$ 3,275,012</u>
Revenues	3,829,826	4,000,874
Expenses	<u>4,389,478</u>	<u>4,255,089</u>
Annual deficit	<u>\$ (559,652)</u>	<u>\$ (254,215)</u>

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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Financial Statements

**December 31, 2023**

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#### 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%.

	2023	2022
Financial assets	\$ 34,613	\$ 35,395
Liabilities	5,059	3,864
Net financial assets	29,554	31,531
Non-financial assets	233,449	86,055
Accumulated surplus	\$ 263,003	\$ 117,586
Revenues	\$ 442,356	\$ 269,814
Expenses	296,939	267,151
Annual deficit	\$ 145,417	\$ 2,663

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#### 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 9.6%.

	2023	2022
Financial assets	\$ 301,842	\$ 231,199
Liabilities	390,065	320,310
Net financial debt	(88,223)	(89,111)
Non-financial assets	706,096	462,716
Accumulated surplus	\$ 617,873	\$ 373,605
Revenues	\$ 2,158,413	\$ 1,554,678
Expenses	1,914,145	1,745,053
Annual deficit	\$ 244,268	\$ (190,375)

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# The Corporation of the Municipality of Arran-Elderslie

## Notes to Financial Statements

**December 31, 2023**

### 21. Trust Funds

The trust funds administered by the Municipality amounting to \$609,462 (2022 - \$585,875) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities.

### 22. Financial Instruments

#### Financial Instrument Risk Management

The Municipality is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Municipality'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.

#### 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 Municipality is exposed to interest rate risk arising from the changes in interest rates on its variable rate bank account and fixed rate investments.

#### Credit Risk

The Municipality is exposed to credit risk arising from its cash, taxes receivable, trade and other receivables and long-term receivables. On December 31, 2023, the Municipality had deposits of \$22,549,645 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 Municipality's receivables are from ratepayers and government entities. For receivables, the Municipality measures impairment of each receivable type based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the Municipality's maximum exposure to credit risk related to receivables, were as follows:

	<u>0 - 30 days</u>	<u>31 - 90 days</u>	<u>91 - 365 days</u>	<u>1 to 2 years</u>	<u>3 to 10 years</u>
Cash	\$ 22,394,537	\$ -	\$ -	\$ -	-
Taxes receivable	-	-	693,311	348,417	26,108
Trade and other receivables	913,897	-	-	-	-
Long-term receivables	-	-	59,320	82,840	172,291
Total	<u>\$ 23,308,434</u>	<u>\$ -</u>	<u>752,631</u>	<u>431,257</u>	<u>198,399</u>

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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Financial Statements

**December 31, 2023**

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#### 22. Financial Instruments - (continued)

##### ***Liquidity Risk***

Liquidity risk is the risk that the Municipality encounters difficulty in meeting its obligations as they fall due. The Municipality has a planning and budgeting process in place to help determine the funds required to support the Municipality's normal operating requirements on an ongoing basis. The Municipality is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term liabilities. The Municipality 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 Municipality 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	\$ 2,514,061	\$ -	\$ -	-
Long-term debt	29,288	29,288	153,691	101,440
<b>Total financial liabilities</b>	<b>\$ 2,543,349</b>	<b>\$ 29,288</b>	<b>\$ 153,691</b>	<b>101,440</b>

##### ***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.

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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Financial Statements

**December 31, 2023**

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#### **23. 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.

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## The Corporation of the Municipality of Arran-Elderslie

### Notes to Financial Statements

**December 31, 2023**

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#### **23. 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.

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

**December 31, 2023**

<b>For the year ended December 31, 2023</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Sewer and Water</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Recreation and Cultural Services</b>	<b>Planning and Development</b>	<b>2023 Total</b>
<b>Revenue</b>									
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
	<b>3,316,602</b>	<b>2,274,180</b>	<b>3,721,463</b>	<b>3,366,217</b>	<b>836,298</b>	<b>357,950</b>	<b>2,112,185</b>	<b>267,680</b>	<b>16,252,575</b>
<b>Expenses</b>									
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	876,139	410,459	221,449	47,221	621,570	80,378	2,839,453
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	996,740	710,852	19,501	42,520	218,663	-	2,229,288
	<b>1,476,280</b>	<b>2,462,287</b>	<b>3,542,434</b>	<b>1,818,888</b>	<b>815,666</b>	<b>257,041</b>	<b>1,898,955</b>	<b>286,169</b>	<b>12,557,720</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,840,322</b>	<b>\$ (188,107)</b>	<b>\$ 179,029</b>	<b>\$ 1,547,329</b>	<b>\$ 20,632</b>	<b>\$ 100,909</b>	<b>\$ 213,230</b>	<b>\$ (18,489)</b>	<b>\$ 3,694,855</b>



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

**December 31, 2023**

<b>For the year ended December 31, 2022</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Sewer and Water</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Recreation and Cultural Services</b>	<b>Planning and Development</b>	<b>2022 Total</b>
<b>Revenue</b>									
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>
<b>Expenses</b>									
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>
<b>Annual surplus (deficit)</b>	<b>\$ 1,153,499</b>	<b>\$ 106,498</b>	<b>\$ 121,106</b>	<b>\$ 1,179,129</b>	<b>\$ (33,632)</b>	<b>\$ (77,019)</b>	<b>\$ 741,876</b>	<b>\$ 13,769</b>	<b>\$ 3,205,226</b>

## The Corporation of the Municipality of Arran-Elderslie

### Schedule of Deferred Revenue

**For the year ended December 31, 2023**

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
In lieu of parkland	\$ 5,729	\$ -	\$ 263	\$ -	\$ 5,992
Federal gas tax	523,675	225,139	31,694	(27,515)	752,993
Subdivider contributions	23,170	-	1,226	-	24,396
	552,574	225,139	33,183	(27,515)	783,381
<b>Other</b>					
Ontario Community Infrastructure Fund	744,497	-	32,241	(734,144)	42,594
Library Accessibility Grant	-	70,348	-	-	70,348
Treasure Chest Museum	3,328	-	-	-	3,328
Other revenue	180,657	17,942	-	(114,637)	83,962
	928,482	88,290	32,241	(848,781)	200,232
	\$ 1,481,056	\$ 313,429	\$ 65,424	\$ (876,296)	\$ 983,613

**The Corporation of the  
Municipality of Arran-Elderslie  
Trust Funds  
For the year ended December 31, 2023**

**The Corporation of the Municipality of Arran-Elderslie  
Trust Funds**  
For the year ended December 31, 2023

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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, 2023, 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, 2023 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.

## Other Matter

The financial information for the year ended December 31, 2022 was audited by another auditor who expressed an unmodified opinion on the information on February 13, 2024.

## 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

Bcj Ya VYf%, 2025



**Chartered Professional Accountants**

**Licensed Public Accountants**

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

**December 31, 2023**

	Total	Care and Maintenance	Cemetery Prepaid
<b>Assets</b>			
Cash	\$ 603,327	\$ 581,030	\$ 22,297
Due from the Municipality of Arran-Elderslie	6,135	6,135	-
	<b>609,462</b>	<b>587,165</b>	<b>22,297</b>
<b>Fund balance</b>	<b>\$ 609,462</b>	<b>\$ 587,165</b>	<b>\$ 22,297</b>

**Statement of Continuity**

	Total	Care and Maintenance	Cemetery Prepaid
<b>Balance, beginning of the year</b>	<b>\$ 585,875</b>	<b>\$ 564,698</b>	<b>\$ 21,177</b>
<b>Receipts</b>			
Interest	30,593	29,473	1,120
Plot sales and monument fees	22,467	22,467	-
	<b>53,060</b>	<b>51,940</b>	<b>1,120</b>
<b>Expenditures</b>			
Transfers to General	29,473	29,473	-
<b>Balance, end of the year</b>	<b>\$ 609,462</b>	<b>\$ 587,165</b>	<b>\$ 22,297</b>

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

**December 31, 2023**

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**1. Summary of Significant Accounting Policies**

<b>Management Responsibility</b>	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.
<b>Basis of Accounting</b>	<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>
<b>Use of Estimates</b>	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.
<b>Basis of Consolidation</b>	These trust funds have not been consolidated with the financial statements of the Corporation of the Municipality of Arran-Elderslie.
<b>Financial Instrument</b>	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.

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

**December 31, 2023**

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**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.

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