



The Corporation of the Municipality of Arran-Elderslie

Staff Report

Council Meeting Date: August 14, 2023

Subject: SRFIN.23.20 Financial Report – December 31, 2022

Report from: Tracey Neifer, Treasurer

Appendices:

- A. Financial Report – Municipal Services by Department, Building & Bylaw Enforcement Services, Water and Sewer Services
- B. Financial Report – Water Services
- C. Financial Report – Sewer Services
- D. Financial Report – Storm Services
- E. Financial Report – Protective Services - Fire
- F. Capital Financial Report
- G. Reserves and Reserve Funds
- H. Financial Report – Statement of Financial Position

Recommendation

Be It Resolved that Council hereby,

1. Approves the Financial Report for the year-ending December 31, 2022, and
2. That the year-end reserve transfers be approved as recommended within the Financial Report
 - 1) that the funds received from the Mount Hope United Church, \$3,852, be transferred to Cemetery Reserve #7342 to support future operating and maintenance costs for the Mount Hope Cemetery.
 - 2) that the surplus funds, \$35,000 for the Facility Condition Assessments and \$2,500 for the Tara Main Park Redevelopment Plan, be reallocated from Working Capital Reserve #7210 to Recreation Reserve #7250.

- 3) Maintenance work was completed at the Krug Memorial Park. As there are funds available in the Krug Memorial Park Reserve, \$14,305, it is recommended that \$5,584 be transferred from Reserve #7255 to operations 01-2514 Roads-Bridges which has funded the work.
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Report Summary

The purpose of this report is to provide Council with a year-end update of the departmental results for the twelve (12) months of operations, covering the period of January 1, 2022 to December 31, 2022.

The report has been prepared based on the following structure:

- ✓ **Building Services**, representing the Building Department which is self-funded through the issuance of permit fees,
 - ✓ **Municipal Services**, representing the various service departments that are funded by taxation and user fees,
 - ✓ **Water and Sewer Services**, representing the Water and Sewer Divisions of the Public Works Department that are funded by the respective property owners through user fees. This also includes Storm Water management.
 - ✓ **Protective Services** – Fire Services, representing the consolidation of the three (3) fire stations operating as the Arran-Elderslie Fire Department.
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Background

This is the final financial report for the 2022 operating year. Supporting schedules can be found in the following operating and budget reports previously presented to Council:

- ✓ SRFIN.21-47 Draft Operating and Capital Budget (December 13, 2021)
- ✓ SRFIN.22-05 2022 Operating and Capital Budget – Update (January 31, 2022)
- ✓ SRFIN.22-07 2022 Operating and Capital Budget – Update #2 (February 14, 2022)
- ✓ SRFIN.22.24 Quarterly Financial Report, January 1, 2022, to September 30, 2022 (November 28, 2022)

Analysis

Municipal Services

An overview of municipal services, which is exclusive of Building, Water, Sewer and Storm Services, reflects a negative position of \$86,388 compared to budget (net expenses are more than expected, producing a need for more tax dollars). While there are significant savings noted in Recreation and Culture, and Planning and Development, there is a significant overage in the areas of General Government and Transportation Services.

	2022		YTD Budget		
	Total	YTD	to Actual	Total	Total
	Budget	Actuals	Variance	2021	2020
01 Revenue Fund					
MUNICIPAL SERVICES					
GENERAL GOVERNMENT	263,397	494,461	(231,063)	557,326	662,907
PROTECTION SERVICES	1,838,677	1,864,051	(25,374)	1,976,019	1,921,172
TRANSPORTATION SERVICES	2,464,339	2,607,543	(143,204)	3,331,687	3,367,938
ENVIRONMENTAL SERVICES	27,767	16,625	11,141	(28,682)	(36,867)
HEALTH SERVICES	45,238	25,958	19,280	60,791	90,320
RECREATION AND CULTURE	1,122,091	969,049	153,043	1,127,498	930,940
PLANNING AND DEVELOPMENT	268,857	139,068	129,790	238,376	203,756
	6,030,366	6,116,756	(86,388)	7,263,015	7,140,166

Supporting schedules have been provided to further analyze the results of each service area.

Appendix A provides the departmental groupings that supports each of the service areas, for example:

- Protective Services includes:
 - Conservation Authorities
 - Fire Protection
 - Other Services
 - Policing

Within each of the above service areas are several departments that provides a further breakdown of contributing divisions.

General Government

- **Council** – surplus of \$10,265 is attributed to favourable results across most areas (wages, benefits, materials, and supplies).

- An increase in election costs was noted due to postage being more than expected, and costs were incurred for Council's training manuals and tablet set up.
- **Program Support** – September's report reflected a positive position, however, this trend did not continue through to December, which resulted in a deficit of \$253,754. Positive results were noted in the following areas:
 - The bank interest rate increased from 0.75% in January to 4.64% in December, which attributed to the year-end results for interest income being greater than budget. This assisted in offsetting the decline in investment income, as income will be reflected as the investments mature over the long-term investment strategy that is currently in place with CIBC through their Principal Protected Notes. Overall, favourable results of \$42,328.
 - HST ITC Recovery project was estimated to recover \$10,000. While staff are still working on the project, current recovery is \$43,567 greater than expected.
 - Net revenue generated from lands sales during the year is \$288,413. Staff Report SRCLK.21.18 Surplus Lands Review was presented to Council on October 25, 2021, Council passed Resolution 25-403-2021, noting that any monies received from land sales will be transferred to reserve.

The year-end results include the final surplus transfer to reserve, in accordance with Resolution 9-145-2020, that the municipal surplus is transferred to Working Capital Reserve on an annual basis. The municipal surplus for 2022 was \$128,270. Additional details on the reserves are addressed in a separate section of this report and **Appendix G**.

Budget variances attributing to the overage include:

- Legal services were \$99,354 greater than expected.
- Write off uncollectible accounts through general invoicing, assessment adjustments or unsuccessful tax sales is difficult to predict for budget purposes. Year-end results reflect an increase of \$11,229.
- Overall, increased costs were noted in many areas, office and administrative expenses, operating materials, and supplies, building maintenance, telephone, pandemic costs, utilities and wages and benefits. Further analysis is required to address variances in wages and benefits.
- **Asset Management/GIS** - surplus of \$12,423 is attributed to a decrease in wages and benefits and contracted services. Due to constraints with staff capacity during the year, planned initiatives with asset management were delayed.

Protection Services

Overall, Protection Services ended the year in a slightly better position, \$25,368 overage, as compared to September's overage results of \$26,942. Referring to the departmental detail, \$9,173 is attributed to Conservation Authorities and \$14,009 to Fire Protection.

- **Conservation Authorities** – planned dyke work in Paisley was greater than expected.
- **Fire** – to be addressed separately within the report and **Appendix E**.

Transportation Services

Transportation Services are summarized as representing two areas: Roads and Winter Control. The year-end result of \$143,204, as reflected in **Appendix A** is directly attributed to Roads.

- **Roads** – the largest factor in Roads is Vehicles, and the costs are driven by increasing fuel prices. Staff continue to review and monitor for cost savings; however, the rising fuel prices have a significant impact to the department. In total, vehicles saw an increase of \$123,236 representing 86% of the increase in costs, of this total, fuel is \$114,533. Fuel costs in 2022 were tracked separately for gas, clear diesel, and dyed diesel, to assist with identifying what area contributes to the cost increases.
- **Winter Control** – the net cost of operations has been balanced with transfers from Reserves of \$94,696, as per Resolution 9-141-2020 that supports the annual transfer of surplus funds. The costs for salt/sand, snow moving and standby was budgeted for \$320,933 with year-end results of \$415,629, thus requiring a transfer from the Reserve to cover operating costs in 2022. The reserve balance on December 31, 2022, is \$66,480.

Environmental Services

Environmental Services includes the landfill operations, garbage collection and recycling, with overall favorable results of \$11,141.

- **Garbage Collection** – contract adjustments were noted during the year with an increase for a fuel surcharge and a billing adjustment as per the contract. Overall, department cost increases were \$17,296.
- **Waste Disposal** – landfill operations are supported by the revenues generated for the type of waste being disposed of. Fees collected have attributed to favorable results of \$15,260. Contracted services for grinding of wood and brush are less than expected by \$20,003. Net surplus results of \$19,920.
- **Recycling** – is a contracted service with Bruce Area Solid Waste Recycling, which the Municipality is a contributing member. Wages and benefits for municipal staff is currently under budget. Net surplus results of \$8,517.

Health Services

Health Services includes the operations and maintenance of municipal cemeteries, both active and inactive, support given to physician recruitment initiatives, and rental facilities for the two medical clinics.

- **Clinics**

- Physician Recruitment – includes the cost of facilitating two physician agreements, \$35,348. The cost of the agreements is funded by the Physician Recruitment Reserve, as per Resolution 22-351-2021. The reserve balance on December 31, 2022, is \$12,112. This reserve will be fully utilized in 2023 to help offset agreement costs.
- Clinics – the two medical clinics are intended to be self-sustaining through the rental income collected. Surplus funds are transferred to Reserve as per Resolution 9-142-2020 for Chesley Clinic and 9-143-2020 for Paisley Clinic.
 - Transfer to Reserve, Chesley Clinic - \$12,254 as budgeted, however, \$2,235 was transferred from Reserve to offset operating costs in 2022. Contracted services (cleaning and maintenance) and utility costs were greater than expected.
 - Chesley reserve balance on December 31, 2022, is \$82,085.
 - Transfer to Reserve, Paisley Clinic - \$2,017 as budgeted, however, with a year-end surplus, an additional \$4,100 was transferred to Reserve.
 - Paisley reserve balance on December 31, 2022, is \$44,502.

- **Cemeteries**

- The Municipality incurs costs for the maintenance of each site, which is offset by plot and monument sales, interest from the trust funds and taxation. Collectively, the operating budget was set at \$45,238 with year end results of \$25,958, resulting in a surplus of \$19,280.
 - Common – the surplus of \$14,485 is attributed to a realignment of bank interest (\$8,778) with the consolidation of the bank accounts that was approved by the Bereavement Authority of Ontario and a savings in student wages and benefits.
 - Arran – includes the transfer of funds from the Mount Hope United Church, \$3,852, to support the transfer of the cemetery operations to Arran-Elderslie.
 - Chesley – revenue from user fees and interest income were less than budget, \$3,299, and the operating costs for wages and benefits, utilities and contracted services were more than expected, \$7,230. Both attributing to a net deficit position.
 - Elderslie – overall, staff time was less than expected.

- Paisley – overall, the increase in user fees was sufficient to offset the increase in staff time.
- Tara – the increase in user fees, \$9,578 was largely attributed to columbarium sales. Operating expenses were less than expected.

Recommendation #1: that the funds received from the Mount Hope United Church, \$3,852, be transferred to Cemetery Reserve #7342 to support future operating and maintenance costs for the Mount Hope Cemetery.

Recreation and Culture

Positive results of \$153,043 is attributed to all service areas of Recreation and Culture, as noted in **Appendix A**.

- **Administrative**
 - Parkland - reflects a revenue increase of \$15,054 attributed to grants, donations, and pavilion rentals. Operating expenses, while seeing an increase in utilities and equipment rental, there were savings in wages and benefits, contracts, and materials.
 - Admin – the budget for wages and benefits included additional staffing coverage during covid, some of these funds were not needed, and contributed to the overall surplus in this area of \$52,582. The costs were to be funded by the Covid-19 Recovery Grant, \$48,139, of which \$34,390 has been transferred to Reserve. The budget provided for Facility Condition Assessments, \$35,000 and the Tara Main Park Redevelopment Plan, \$2,500. These projects did not take place in 2022. As a result, the surplus funds have been transferred to the Working Capital Reserve with the year-end entry.

Recommendation #2: that the surplus funds, \$35,000 for the Facility Condition Assessments and \$2,500 for the Tara Main Park Redevelopment Plan, be reallocated from Working Capital Reserve #7210 to Recreation Reserve #7250.

- Common H&S – the operating costs are to provide staff with the necessary PPE (personal protective equipment) in clothing and boots, as well as training and materials and supplies. Not all the funds were required in 2022.
- **Ball Fields** – operating expenses include utilities, materials and supplies, contracted services, and staff time. In some instances, revenue is generated through ball field, soccer field, and horse ring rentals. Overall, expenses were less than expected.

- **Arenas** – each of the arena's saw favourable results in 2022, with year-end surpluses being transferred to Reserve for Arena/Community Centres as per Resolution 172-13-2022:
 - Chesley Community Centre - \$38,140; surplus is largely attributed to utility savings of \$38,931.
 - Paisley Community Centre - \$18,293; surplus is largely attributed to utility savings of \$16,221.
 - Tara Community Centre - \$26,114; similar to the other two centres, Tara has utility savings of \$4,404, in addition, savings with repairs and maintenance and materials and supplies.
 - Reserve balance on December 31, 2022, is \$827,404. This includes \$233,526 unspent capital for the Paisley 2nd Floor Renovation and Lift Rehabilitation.
- **Pools** – similar to the arena's, the Pools are also covered in Resolution 172-13-2022, with \$27,036 being transferred to Reserve:
 - Chesley - \$27,641 transferred to Reserve; surplus is largely attributed to wages and benefits savings of \$25,207.
 - Tara - \$603 was transferred from Reserve to help offset operating costs. While there was a savings in wages and benefits, \$8,827, there were increases in materials and supplies (soffit/fascia and paint) and contracted services (pool floor coating).
- **Other Facilities** – this includes other buildings that are managed by the Municipality and supported by rental income, as well as the Chesley Trailer Park. Overall, operations in this area resulted in a surplus of \$4,477.
 - Chesley Trailer Park – the budget has provided for a surplus of \$12,794 to be transferred to Reserve. Year-end results provided for an additional transfer to Reserve of \$11,566. Rental income was slightly higher than budget, \$2,102, and utility cost were less than budget, \$8,978. The transfer to Reserve is also supported by Resolution 9-144-2020. Reserve balance on December 31, 2022, is \$80,672.
- **Libraries** - each of the libraries are supported by rental agreements with \$6,809 of the tax levy to assist with operating expenses. Overall, operations in this area resulted in a surplus of \$10,639. Operating expenses for utilities, wages and benefits, and materials and supplies were less than expected.
- **Museum** – the Paisley Museum is supported by a student grant, admission, and program fees. The operating expenses were less than expected in utilities, wages and benefits and materials and supplies.

- **Programs** – includes the recreation programs and day camps.
 - Programs – program revenues were less than budget, \$1,608, compared to operating expenses being higher than budget, \$11,723. Increased costs are attributed to wages and benefits and materials and supplies.
 - Day Camp – registration fees exceed expectations by \$28,433.

Planning and Development

Overall positive results of \$129,790 which is largely attributed to a staff vacancy in Economic Development and the deferral of strategic initiatives. This area also includes zoning application fees, management of the decorations spread throughout the community, and gravel pit work. Tile drainage represents a program provided by Ontario Ministry of Agriculture and Food (OMAFRA), with the Municipality operating as the cashflow agent to submit grant requests and collect and distribute funds with property owners.

Building Services

Building Services includes the operations of the Building Department (Inspections) and Property Standards (Standards), with Inspections seeing positive results of \$30,725, providing for an additional transfer to the Building Reserve.

	2022		YTD Budget		
	Total	YTD	to Actual	Total	Total
	Budget	Actuals	Variance	2021	2020
01 Revenue Fund					
BUILDING & BYLAW ENFORCEMENT SERVICES					
Building	0	3,718	(3,718)	0	2
ByLaw	49,803	50,428	(625)	6,912	15,491
	49,803	54,145	(4,342)	6,912	15,493

On January 30th, 2023, Council received the Chief Building Official's update for 2022 which indicated that the year finished stronger than expected, however less than last year (130 permits issued compared to 160 in total for 2021). The year-end results included additional permit fee revenue of \$9,989, plus reduced spending in wages and benefits, office and administrative, and materials and supplies. A final year-end adjustment will be recorded through the reserves, \$3,718, to balance the Building department.

Continuity of Building Reserve

Balance forward, December 31, 2021	\$279,821
Budgeted transfer from operations for 2022	\$9,774
Building support of operating costs of AM/GIS	(\$10,000)
2022 Year End Allocation of department surplus	\$30,725
2022 Final Adjustment of department surplus	(\$3,718)
Balance, December 31, 2022	\$306,602

Water, Sewer, and Storm Services

Water and Sewer Services are fully funded by the user fees collected, with year-end results being adjusted through the respective reserves. Stormwater management has been realigned under the division of Sewer and Water, but historically, has been funded by taxation.

Shared Administration represents operating expenses that are incurred to maintain these services and is funded by the respective reserves of sewer and water. The year-end results are reviewed, and reserve adjustments are made.

The following chart provides an overview of the year-end results, with a favourable position of \$177,764 being transferred to Reserves.

	2022		Reserve
Transfer to (from) Reserve	Total	YTD	Transfer
	Budget	Actuals	Variance
01 Revenue Fund			
WATER AND SEWER SERVICES			
SHARED ADMINISTRATION	(325,641)	(343,274)	(17,633)
SEWER	771,325	878,447	107,122
Chesley	426,776	428,417	1,641
Paisley	116,509	119,286	2,777
Tara	228,040	330,744	102,704
WATER	1,195,687	1,283,962	88,275
Chesley/Paisley	925,988	968,152	42,164
Tara	269,699	315,810	46,111
	1,641,371	1,819,135	177,764

Reserve balances on December 31, 2022:

- Sewer and Water Reserve \$110,492
- Sewer Reserve \$3,715,230
- Water Reserve \$8,408,458

A final year-end adjustment will be recorded of \$35,706 transfer to Reserve to balance the Shared Administration department. These amounts have been included in the Reserve balances above:

- Sewer Reserve \$21,424
- Water Reserve \$14,282

Separate Financial Reports, **Appendices B, C, and D**, provides a further breakdown of the financial results in Water, Sewer, and Storm. The User Fees noted in the Water and Sewer reports is reflective of the flat fee per property included in the property tax bill, usage fees billed quarterly, new user connection fees and service calls. In total, user fees are higher by \$114,601 for Water and \$91,049 for Sewer, which attributes to the positive variance in both Water and Sewer.

Storm Services have historically been funded by taxation, which is currently under review as the Municipality investigates user fees. As per Resolution 172-13-2022 the year-end results are reviewed, and surplus funds are transferred to Reserve. Catch Basins were under budget by \$14,364, whereas Ditches were over budget by \$11,358 due to an increase in contracted services. The Stormwater Reserve increased by \$3,004 to a balance on December 31, 2022, of \$26,336.

Protective Services – Fire

Protection Services is defined to include Conservation Authorities, Fire, Policing and Other Services. The focus in this area is on Fire.

	2022		YTD Budget		
	Total	YTD	to Actual	Total	Total
	Budget	Actuals	Variance	2021	2020
01 Revenue Fund					
MUNICIPAL SERVICES					
PROTECTION SERVICES					
Conservation Authorities					
Total Conservation Authorities	111,866	121,039	(9,173)	119,092	106,035
Fire Protection					
01-2005 Protection-General-All	0	0	0	147,612	149,190
01-2010 Protection-Common Fire	126,459	140,644	(14,185)	87,228	50,018
01-2012 Protection-Chesley Fire	154,176	154,005	171	159,982	118,180
01-2014 Protection-Paisley Fire	97,543	97,540	3	118,495	132,622
01-2016 Protection-Tara Fire	134,936	134,934	2	142,236	161,605
Total Fire Protection	513,114	527,123	(14,009)	655,553	611,615
Other Services					
Total Other Services	44,773	43,905	868	32,939	35,645
Policing					
Total Policing	1,168,924	1,171,978	(3,054)	1,168,435	1,167,877
Total PROTECTION SERVICES	1,838,677	1,864,045	(25,368)	1,976,019	1,921,172

In keeping with the format of the 2022 budget, **Appendix E** has been included to reflect the total operating costs of the Arran-Elderslie Fire Department, while also providing comparability between the three (3) fire stations, Chesley, Paisley and Tara.

Collectively, year-to-date wages and benefits are under budget by \$21,898, which is directly related to variations in service calls year-over-year and the type of call. There have been 202 (Budget 182) service calls to December 31st, 2022:

- Chesley 81, Annual Budget 80
- Paisley 70, Annual Budget 58
- Tara 51, Annual Budget 44

The budget for service calls is based on a review of prior years and trends in call volumes, as this is an area that is difficult to predict. At year-end, the actuals results are reviewed, and surplus funds are transferred to reserves to meet future capital needs.

As per Resolution 5-76-2020 the surplus funds from minor capital expenditures are transferred to reserves. The following transfers to (from) Reserves was recognized in 2022:

- Chesley/Chatsworth - \$2,316
- Paisley – (\$828)
- Tara - \$1,820

The Chesley and Area Joint Fire Board Resolution 13-2021 supported the initiative that surplus funds generated from motor vehicle accidents be transferred to the Chesley/Chatsworth Reserve to support equipment purchases. In 2022, \$2,729 was transferred to the Reserve.

Annually, the departmental operating surplus of the fire stations is reviewed and transferred to the Arran-Elderslie Fire Reserve, in accordance with Resolution 6-96-2020. The following transfers to Reserves was recognized in 2022:

- Chesley - \$9,732
- Paisley – \$9,443
- Tara - \$1,207

Reserve balances on December 31, 2022:

• Protective Services - Fire	\$90,133
• Chesley – Bell Mobility	\$47,064
• Paisley – Bell Mobility	\$85,040
• Tara – Bell Mobility	\$64,463
• Fire Station – Chesley	\$189,575
• Fire Station – Paisley	\$170,619
• Fire Station – Tara	\$170,017
• Fire Station – Chesley/Chatsworth	\$31,531
Total Reserves	\$848,442

Capital Report

Capital expenditures have been included in **Appendix F**, with a comparison to Budget by project. On a budget of \$8,658,963, the year-end expenses represent only 56.22% or \$4,867,844.

Municipality of Arran-Elderslie Capital Financial Report Overview - December 31, 2022 Prepared: July 16, 2023						
		Budget: Sources of Financing				
Municipal Services	2022 Capital Expenditures	2022 Capital Plan	2023 Capital Plan	Grants & Donation	Reserves	Reserve Funds
General Government	208,375	355,962	152,200	219,153	136,809	-
Environmental Services	242,660	478,000	100,000	349,891	-	128,109
Protection Services	72,823	86,875	-	-	86,875	-
Transportation Services	751,774	2,714,550	1,311,650	1,057,521	660,489	996,541
Health Services	27,760	62,500	52,500	41,250	21,250	-
Recreation & Cultural Services	746,055	870,079	257,500	667,236	202,843	-
	2,049,446	4,567,966	1,873,850	2,335,051	1,108,266	1,124,650
Grant Initiatives	1,518,853	1,700,107	-	1,030,044	670,063	-
Total Municipal Services	3,568,299	6,268,073	1,873,850	3,365,095	1,778,329	1,124,650
		Budget: Sources of Financing				
Water & Sewer Services	2022 Capital Expenditures	2022 Capital Plan	2023 Capital Plan	Grants & Donation	Reserves	Reserve Funds
AE Common - Water/Sewer	6,941					
Water Services	604,807	1,317,880	768,960	31,239	1,286,641	-
Sewer Services	687,797	1,073,010	242,900	-	1,073,010	-
Total Water & Sewer Services	1,299,545	2,390,890	1,011,860	31,239	2,359,651	-
2022 Total Capital Projects	4,867,844	8,658,963	2,885,710	3,396,334	4,137,980	1,124,650

The following comments have been provided to address projects that have been delayed or contribute to only 56.22% of capital projects being completed or unspent capital of \$3,791,119.

Transportation Services:

- Youngs Bridge – project is in process with easement, CHER, HIA and Archaeological studies, unspent capital \$559,183.
- Roads – Brooks St. West, Tara, Francis to School – project was cancelled due to tender results, unspent capital \$553,283.

2021 Grant Initiatives (ICIP):

- Paisley Community Centre – 2nd Floor Renovations and Lift Rehabilitation, work progressing in 2023, unspent capital \$452,179.

General Government:

- Buildings – Administrative – Municipal Office Basement – work progressing in 2023, unspent capital \$198,316.

Roads:

- Sidewalks – Rehabilitation Study – project was delayed due to tender results, work progressing in 2023, unspent capital \$747,022.

Environmental Services:

- Storm – Hamilton Street – project was delayed due to other projects in process, unspent capital \$200,000.

Water and Sewer Services:

- Water - Wells – Community Park #4, project is underway, unspent capital \$467,852.
- Sewer – UV System, unspent capital \$210,507.

Collectively, the unspent capital of \$3,388,342 for these 8 projects represents 89.38% of the total unspent capital for 2022. The unspent capital at the end of the year is transferred back to reserves and will support the ongoing capital costs incurred in 2023.

Reserves and Reserve Funds

Detailed information on the Reserves and Reserve Funds has been provided in **Appendix G:**

- Summary of Reserves - \$21,499,689
 - Municipal Reserves - \$8,932,570, a slight decrease of \$86,015 compared to 2021
 - User Fee Reserves - \$12,567,119, an increase of \$617,705 compared to 2021
- Summary of Reserve Funds - \$1,471,803
- History of Municipal Reserves funded by Taxation
- History of Municipal Reserves funded by User Fees

The following provides an overview of the Reserve activity during 2022:

Continuity of Municipal Reserves			
Balance forward, December 31, 2021			9,018,585
2022 Approved Budget Transfers			
Transfers to Operations	(315,369)		
Transfers to Reserves	1,335,007		
Transfers to Capital Fund	(1,902,153)		(882,515)
2022 Reserve Activity			
Transfers from Operations	431,136		
Transfers for Unspent Capital	1,170,930		
Transfers to Capital	(805,567)		796,499
Balance, December 31, 2022			8,932,570

The transfer from operations, \$431,136 includes the year-end adjustments noted throughout the report regarding annual surplus transfers supported by Resolutions of Council. Operating initiatives defined in the budget as funded by Reserves are also reviewed and reconciled, and any unused funds are transferred to the respective Reserves as part of the year-end adjustments.

Recommendation #3: Maintenance work was completed at the Krug Memorial Park. As there are funds available in the Krug Memorial Park Reserve, \$14,305, it is recommended that \$5,584 be transferred from Reserve #7255 to operations 01-2514 Roads-Bridges which has funded the work.

The transfer for unspent capital correlates with the projects addressed above under the Capital Report.

The transfers to capital, \$805,567 includes project overages, most significantly are:

- Soper Bridge, \$318,552, as addressed in report SRW.22.07
- 4th Ave SW/3rd St SW, \$277,387, as addressed in report SRW.22.15

Continuity of User Fee Reserves			
Balance forward, December 31, 2021			11,949,414
2022 Approved Budget Transfers			
Transfers to Operations	(362,141)		
Transfers to Reserves	1,976,784		
Transfers to Capital Fund	(2,359,651)	(745,008)	
2022 Reserve Activity			
Transfers from Operations	243,459		
Transfers for Unspent Capital	1,160,178		
Transfers to Capital	(40,924)	1,362,713	
Balance, December 31, 2022			12,567,119

Financial Overview of the Balance Sheet

Throughout the year the financial reports are presented to Council on a quarterly basis to show the departmental operating and capital results compared to Budget. It is the financial strength of the Balance Sheet or Statement of Financial Position that supports municipal operations. The Municipality continues to maintain a strong financial position.

Appendix H Financial Report, Statement of Financial Position has been provided as a draft report template that is currently in development in the FMW Reporting Module, to show the strength of operations and comparability to the annual audited financial statements.

Operating Fund – includes all operations of the Municipality, inclusive of Building, Sewer, Storm, and Water. The Municipality does not maintain separate accounts in this area, other than in Accounts Receivables.

Capital Fund – capital projects managed through the Capital Report but tracked separately for accounting purposes and asset inventory.

Consol. Boards – for the preparation of the audited financial statements, the municipality must include the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. The following are included for audit purposes, but are not included in the quarterly reporting for Arran-Elderslie:

- Bruce Area Solid Waste Recycling Association (8.66%)
- Saugeen Mobility and Regional Transit (8.9%)

Chesley and District Fire Board is included in the quarterly reporting for Arran-Elderslie as the operations are managed by the Municipality. For audit purposes the portion attributed to the Township of Chatsworth (34.3%, except the tanker is 55.56%) is removed from the audited financial statement.

Reserve Funds – those reported under **Appendix G**, Obligatory and Discretionary Reserve Funds that are managed and reported on separately.

The Municipality also manages the Trust Funds for cemetery operations, which are reported on separately.

The following financial highlights are related to the Operating Fund:

- Cash and Investments
 - Invested in CIBC Principal Protected Notes (PPN's) - \$10,500,000, part of a long-term investment strategy.
 - Restricted cash and investments related to gravel pit deposits - \$49,585.
- Accounts Receivable
 - Taxes Receivable - \$1,066,705, 64.3% are current year taxes. Staff monitors the accounts with regular follow up and initiates registration procedures when arrears reach three years.
 - Trade and Other Receivables – includes Federal and Provincial Grants \$1,147,490, HST Q4 Remittance \$279,700, Water/Sewer Q4 billings \$186,578.
- Long Term Receivables
 - Tile Drain Loans \$273,379, collected through taxes over the term of the loans. There are currently 15 loans in place.
- Accounts Payable and Accrued Liabilities
 - Accrued wages and benefits for December - \$217,235
 - Trade payables - \$971,109, invoices for goods and services received but not yet paid; the most significant being OPP services for November and December totalling \$194,891.
- Other Liabilities
 - Landfill Closure and Post Closure Liabilities - \$169,755 for Arran and Chesley Landfill, representing the cost of closure and post-closure care requirements.
 - Post-Employment Benefits Liabilities - \$391,971 for accumulated sick leave and retirement benefits.
 - Deferred Revenue - \$334,738, which includes funds received in advance of costs being incurred, for example, Splashpad donations, MMP3 Grant for Cemetery Digitization, CCRF Lift Grants, and grant for the Allenford Ball Park. These revenues will be recognized in 2023 when the expenses are incurred.
 - Long-term Liabilities - \$273,379 for the debt related to Tile Drain Loans, fully payable by the benefitting property owners.
- Inventory of Supplies – includes water meters and sand/salt to be used in 2023.
- Prepaid Expenses – includes service costs that are paid annually and carryover to the following year, or invoices received and paid for the 2023 services such as, Keystone and Escribe software licensing.

Link to Strategic/Master Plan

6.4 Leading Financial Management

Financial Impacts/Source of Funding/Link to Procurement Policy

Overall, the municipality is in a good financial position moving forward to 2023.

Approved by: Sylvia Kirkwood, Chief Administrative Officer