



MUNICIPALITY OF ARRAN-ELDERSLIE

AUDIT REPORT TO THE COUNCIL

September 27, 2021



TABLE OF CONTENTS

SUMMARY.....	1
AUDIT FINDINGS	3
INTERNAL CONTROL MATTERS.....	5
APPENDIX A: INDEPENDENT AUDITOR'S REPORT	
APPENDIX B: UNADJUSTED DIFFERENCES	
APPENDIX C: REPRESENTATION LETTER	

SUMMARY

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Council in fulfilling its responsibilities. This report has been prepared solely for the use of the Council and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.



Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2020 consolidated financial statements, pending completion of the following items:

- ▶ Approval of consolidated financial statements by Council
- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to financial statement approval date
- ▶ Receipt of support for the amounts related to the capital assets prior period adjustment.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the consolidated financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Council dated February 22, 2021.



Materiality

As communicated to you in our Planning Report to the Council, preliminary materiality was \$310,000. Final materiality remained unchanged from our preliminary assessment.



Audit Findings

Our audit strategy and procedures focused on the risks specific to your organization and key accounts as outlined in our Planning Report to the Council. Significant risk of material misstatement identified during our planning included the following items:

- ▶ Control Environment
- ▶ Purchases
- ▶ Government Transfers

There were no changes to our planned procedures and no issues were identified in our testing performed. No additional risks were identified during the audit.

Audit findings are discussed in more detail on Pages 3 and 4.



Internal Control Matters

We are required to report to you in writing, any significant deficiencies in internal control that we have identified. The specifics of this communication are included on Page 5.



Management Representations

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the consolidated financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management. A summary of the representation we have requested from management is set out in the representation letter included in [Appendix C](#) to the report.



Independence

Our annual letter confirming our independence was previously provided to you in our planning correspondence. We know of no circumstances that would cause us to amend the previously provided letter.



Adjusted and Unadjusted Differences

All significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement are required to be disclosed and discussed with Management. We did not identify any disclosure omissions identified throughout our audit.

Management has determined that the unadjusted differences are immaterial both individually and in aggregate to the consolidated financial statements taken as a whole. Should the Council agree with this assessment, we do not propose further adjustments.

For purposes of our discussion, a summary of unadjusted differences has been presented in [Appendix B](#).



Fraud Discussion

Through our planning process, and current and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the Municipality.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the Municipality since our discussions held at planning, we request that you provide us with this information.

Please refer to the Auditor's Responsibilities for Detecting Fraud in the Planning Report to the Council.

AUDIT FINDINGS

Our audit strategy and procedures focused on the risks specific to your Municipality and key accounts as outlined in our Planning report to the Council. There were no changes to our planning procedures and no issues were identified in our testing performed. No additional risks were identified during the audit.

SIGNIFICANT RISKS OF MATERIAL MISSTATEMENT	AUDIT FINDINGS
Management Override of Controls	To address this risk we developed criteria for unusual journal entries, determined the population of unusual journal entries and obtained corroborating evidence of these journal entries from management as to why the journal entries were made. No inappropriate journal entries were noted.
Purchases	To address this risk we reviewed a sample of invoices for department head authorization and agreed to the purchasing policy to ensure authorization was appropriate. We also noted during our minute review Council approval of vouchers.
Government Transfers	To address this risk we reconciled significant government transfers to their various government funding agreements and letters, reviewed funding agreements for deferred grants and reviewed minutes to ensure grant revenue listed was complete. No issues were noted in regards to grant revenue during our testing.

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Municipality's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

Management is responsible for determining the Municipality's significant accounting policies. Significant accounting policies have been disclosed in the financial statements. The choice between accounting policy alternatives can have a significant effect on the financial position and results of the Municipality. The application of those policies often involves significant estimates and judgments by management. Based on the audit work that we have performed, it is our opinion that the estimates are in accordance with the requirements of Canadian public sector accounting policies and have been consistently applied.

A summary of the significant financial statement disclosures policies and significant estimates and judgements are as follows:

Significant Financial Statement Disclosures	Audit Findings
Accumulated Surplus	A breakdown of the Municipality's accumulated surplus is included in Note 7. This includes the amount invested in capital assets, unfunded liabilities, reserves and reserve funds and also the general surplus which is required to be carried forward to the next year's budget.
Commitments	Significant capital commitments for the Paisley Waste Water Plant and the ice resurfacing projects have been disclosed in Note 16.
Prior Period Restatement	Management has determined that various capital assets were excluded from capitalization of tangible capital assets in the prior years. The impact of adjusting for these errors is disclosed in Note 22.

Significant Estimates and Judgements	Audit Findings
Post-Employment Benefits	The Municipality provides post-employment health 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. In order to help estimate the liability for post-employment benefits, the Municipality engaged the services of an actuary.
Taxation Revenue Estimate	In accordance with PS 3510, amounts have been estimated for taxable events that have occurred but have not yet been assessed. The estimate was based on trend analysis by year for supplemental taxation billings and write-offs for the last 3 years; and knowledge of potential reassessments.
Liability for Contaminated Sites	Management compiled a list of all properties owned by the Municipality or where the Municipality has accepted responsibility for the property and assessed whether each property was contaminated. Management is not aware of any contaminated sites therefore no liability is accrued.
Solid Waste Landfill Closure and Post-closure Liabilities	Amounts have been estimated for closure and post-closure costs. The estimates were calculated based on correspondence with engineers and used the same approach to value landfill liability as in the prior year.

INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Municipality's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ Tested the operating effectiveness of controls in the payroll and purchase transaction stream.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did not find any deficiencies in the design and implementation of the internal controls that were tested during the audit.

As the purpose of the audit is for us to express an opinion on the Municipality's consolidated financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the consolidated financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT

The Corporation of the
Municipality of Arran-Elderslie
Financial Information
December 31, 2020

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The Corporation of the Municipality of Arran-Elderslie
Financial Information
December 31, 2020

Contents

The Corporation of the Municipality of Arran-Elderslie Financial Statements

The Corporation of the Municipality of Arran-Elderslie Trust Funds

Chesley & District Fire Board

DRAFT

The Corporation of the
Municipality of Arran-Elderslie
Financial Statements
For the year ended December 31, 2020

DRAFT

The Corporation of the Municipality of Arran-Elderslie
Financial Statements
For the year ended December 31, 2020

Contents

The Corporation of the Municipality of Arran-Elderslie

Independent Auditor's Report	2 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 12
Notes to Consolidated Financial Statements	13 - 29
Schedule of Deferred Revenue	30

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Independent Auditor's Report

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

Opinion

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2020 and the consolidated results of its operations, consolidated changes in net financial assets and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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 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 opinion.

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

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

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



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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
September 27, 2021

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

December 31	2020	2019 (restated) (Note 21)
Financial assets		
Cash and investments (Note 1)	\$20,524,772	\$ 19,762,683
Taxes receivable	1,312,314	1,180,105
Trade and other receivables	663,490	765,508
Inventory held for resale	3,286	15,007
Long-term receivables (Note 2)	412,702	457,139
	<u>22,916,564</u>	<u>22,180,442</u>
Liabilities		
Accounts payable and accrued liabilities	1,133,281	1,375,755
Solid waste closure and post-closure liabilities (Note 4)	180,677	218,390
Post-employment benefits liabilities (Note 10)	364,214	340,937
Deferred revenue (Page 30)	732,766	890,859
Long-term liabilities (Note 5)	387,581	432,278
	<u>2,798,519</u>	<u>3,258,219</u>
Net financial assets	<u>20,118,045</u>	<u>18,922,223</u>
Non-financial assets		
Inventory of supplies	65,327	54,794
Prepaid expenses	20,222	18,526
Tangible capital assets (Note 6)	37,980,883	37,074,263
	<u>38,066,432</u>	<u>37,147,583</u>
Accumulated surplus (Note 7)	<u>\$58,184,477</u>	<u>\$ 56,069,806</u>

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

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

For the year ended December 31	2020 Budget (Note 9)	2020 Actual	2019 Actual (restated) (Note 21)
Revenue			
Taxation	\$ 5,394,786	\$ 5,398,462	\$ 5,112,895
Fees and user charges	3,841,964	3,722,720	4,008,162
Government transfers (Note 11)	3,909,915	2,747,728	2,898,342
Other income (Note 12)	840,783	922,586	1,605,629
	<u>13,987,448</u>	<u>12,791,496</u>	<u>13,625,028</u>
Expenses			
General government	1,175,488	1,236,152	1,372,451
Protection services	2,174,978	2,164,464	2,052,493
Transportation services	2,267,486	3,285,678	2,976,340
Environmental services	1,281,483	2,139,535	2,178,386
Health services	158,649	186,047	181,488
Recreation and cultural services	1,545,147	1,396,695	1,561,848
Planning and development	354,903	268,254	298,767
	<u>8,958,134</u>	<u>10,676,825</u>	<u>10,621,773</u>
Annual surplus (Note 9)	5,029,314	2,114,671	3,003,255
Accumulated surplus, beginning of the year	<u>56,069,806</u>	<u>56,069,806</u>	<u>53,066,551</u>
Accumulated surplus, end of the year	<u>\$ 61,099,120</u>	<u>\$58,184,477</u>	<u>\$ 56,069,806</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	2020 Budget (Note 9)	2020 Actual	2019 Actual
Annual surplus (Page 6)	\$ 5,029,314	\$ 2,114,671	\$ 3,003,255
Acquisition of tangible capital assets	6,245,314	(2,981,170)	(2,178,407)
Amortization of tangible capital assets	-	2,074,502	1,890,516
Loss on sale of tangible capital assets	-	48	3,328
Proceeds on disposal of capital assets	-	-	4,385
	<u>6,245,314</u>	<u>(906,620)</u>	<u>(280,178)</u>
Change in prepaid expenses	-	(1,696)	12,859
Change in inventories of supplies	-	(10,533)	(54,794)
	-	<u>(12,229)</u>	<u>(41,935)</u>
Increase in net financial assets	11,274,628	1,195,822	2,681,142
Net financial assets, beginning of the year	<u>18,922,223</u>	<u>18,922,223</u>	<u>16,241,081</u>
Net financial assets, end of the year	<u>\$ 30,196,851</u>	<u>\$ 20,118,045</u>	<u>\$ 18,922,223</u>

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

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

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 6)	\$ 2,114,671	\$ 3,003,255
Items not involving cash		
Solid waste closure and post-closure liabilities	(37,713)	(108,840)
Amortization	2,074,502	1,890,516
Post-employment benefits liabilities	23,277	21,308
Deferred revenue recognized	(709,700)	(149,430)
Change in prepaid expenses	(1,696)	12,859
Loss on sale of capital assets	48	3,328
	<u>3,463,389</u>	<u>4,672,996</u>
Changes in non-cash working capital balances		
Taxes receivable	(132,209)	(216,533)
Trade and other receivables	102,018	(19,915)
Inventory held for resale	11,721	(7,222)
Inventory of supplies	(10,533)	(54,794)
Accounts payable and accrued liabilities	(242,474)	(247,003)
Deferred revenue received	551,607	560,402
	<u>3,743,519</u>	<u>4,687,931</u>
Capital transactions		
Cash used to acquire capital assets	(2,981,170)	(2,178,407)
Proceeds on sale of capital assets	-	4,385
	<u>(2,981,170)</u>	<u>(2,174,022)</u>
Investing activities		
Increase in long-term receivables	(93,100)	(26,300)
Repayment of long-term receivables	44,437	76,696
	<u>(48,663)</u>	<u>50,396</u>
Financing activities		
Additions to long-term liabilities	93,100	26,300
Repayment of long-term liabilities	(44,697)	(91,944)
	<u>48,403</u>	<u>(65,644)</u>
Net change in cash and cash equivalents	762,089	2,498,661
Cash and cash equivalents, beginning of the year	<u>19,762,683</u>	<u>17,264,022</u>
Cash and cash equivalents, end of the year	<u>\$20,524,772</u>	<u>\$ 19,762,683</u>

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

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2020

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

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

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

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

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

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

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

December 31, 2020

Revenue Recognition

Revenues are recognized as follows:

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

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

December 31, 2020

Cash and Cash Equivalents Cash and cash equivalents include all cash balances and highly liquid investments that are readily converted into cash.

Investments Investments are recorded at the cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

Inventory Inventory of goods held for resale is recorded at net realizable value.

Inventory held for consumption is recorded at the lower of cost and replacement cost.

Post-Employment Benefits The municipality provides post-employment health, dental, travel, and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

Solid Waste Landfill Closure and Post-Closure Costs Site closure and post-closure care costs are recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.

Liability for Contaminated Sites A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. A liability of \$30,000 has been accrued.

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2020

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 to 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 to 12 years

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

County and School Board

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

Trust Funds

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

Use of Estimates

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

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

December 31, 2020

1. Cash and Investments

	2020	2019
Cash	\$11,407,883	\$ 11,062,844
Investments - GIC's	8,982,000	8,551,429
Investments - Restricted	49,388	28,526
Accrued interest	85,501	119,884
	\$20,524,772	\$ 19,762,683

On December 31, 2020, the Municipality had bank accounts of \$11,712,931 and GIC's of \$8,992,306 in one chartered bank. The Canadian Deposit Insurance Corporation insures deposits to a maximum of \$100,000 per depositor.

The bank account earns interest at the average prime rate less 1.75%. The investments have an interest rate of 1.5% and mature May 2021. The restricted investments are GIC's with interest rates between 0.45% and 2.40% and mature between October 2021 and January 2023.

2. Long-Term Receivables

	2020	2019
Tile drainage loans, 6%, due 2021 to 2030	\$ 387,581	\$ 432,278
Tara water system loans, 6%, due 2020	-	5,334
Kinette Club	25,121	19,527
	\$ 412,702	\$ 457,139

3. Temporary Borrowings

The Municipality of Arran Elderslie has a demand operating facility with interest charged at prime plus 0.5% per annum. This facility is secured by a current borrowing by-law. At December 31, 2020, the municipality had a \$2,000,000 unused operating facility.

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

December 31, 2020

4. Solid Waste Closure and Post-Closure Liabilities

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

The liability for the Chesley Landfill site is recorded at \$160,825 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 17 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 \$19,852 and represents the present value of closure and post-closure costs for 36% 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 \$515,018. The estimated remaining open capacity of Phases I and II is approximately 180,000 cubic meters, which will be filled in 57 years. Post-closure care is estimated to continue for a period of 20 years.

The liabilities have been partially funded through budget allocations.

5. Long-Term Liabilities

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

	<u>2020</u>	<u>2019</u>
Tile drainage loans, 6%, due 2021 to 2030	\$ 387,581	\$ 432,278

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

2021	\$ 71,517
2022	57,235
2023	60,669
2024	53,793
2025	36,640
Thereafter	<u>107,727</u>
	<u>\$ 387,581</u>

Interest paid during the year totalled \$27,306 (2019 - \$29,971).

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

December 31, 2020

6. Tangible Capital Assets

	2020								
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Work in Progress	Total
Cost, beginning of the year	\$ 867,469	\$ 7,005,528	\$ 2,278,494	\$ 45,678,679	\$ 32,068,862	\$ 8,795,042	\$ 6,437,726	\$ 711,433	\$ 103,843,233
Additions	162,858	93,219	155,541	649,584	682,613	338,199	553,977	345,179	2,981,170
Disposals	-	-	-	-	-	-	(31,666)	-	(31,666)
Transfers	34,280	174,956	112,223	-	155,485	-	294,818	(771,762)	-
Cost, end of the year	1,064,607	7,273,703	2,546,258	46,328,263	32,906,960	9,133,241	7,254,855	284,850	106,792,737
Accumulated amortization, beginning of the year	122,198	4,347,423	1,449,752	38,199,170	13,260,964	4,689,250	4,700,213	-	66,768,970
Amortization	27,551	147,024	152,119	704,202	603,595	172,146	267,865	-	2,074,502
Disposals	-	-	-	-	-	-	(31,618)	-	(31,618)
Accumulated amortization, end of the year	149,749	4,494,447	1,601,871	38,903,372	13,864,559	4,861,396	4,936,460	-	68,811,854
Net carrying amount, end of the year	\$ 914,858	\$ 2,779,256	\$ 944,387	\$ 7,424,891	\$ 19,042,401	\$ 4,271,845	\$ 2,318,395	\$ 284,850	\$ 37,980,883

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

December 31, 2020

6. Tangible Capital Assets - (continued)

									2019 (restated)
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Work in Progress	Total
Cost, beginning of the year	\$ 791,075	\$ 6,959,402	\$ 2,181,193	\$ 45,250,919	\$ 31,633,393	\$ 7,990,042	\$ 6,342,779	\$ 540,402	\$101,689,205
Additions	66,852	46,126	97,301	424,218	411,868	569,965	119,326	442,751	2,178,407
Disposals	-	-	-	-	-	-	(24,379)	-	(24,379)
Transfers	9,542	-	-	3,542	23,601	235,035	-	(271,720)	-
Cost, end of the year	867,469	7,005,528	2,278,494	45,678,679	32,068,862	8,795,042	6,437,726	711,433	103,843,233
Accumulated amortization, beginning of the year	95,386	4,224,470	1,318,088	37,614,579	12,669,712	4,529,582	4,443,303	-	64,895,120
Amortization	26,812	122,953	131,664	584,591	591,252	159,668	273,576	-	1,890,516
Disposals	-	-	-	-	-	-	(16,666)	-	(16,666)
Accumulated amortization, end of the year	122,198	4,347,423	1,449,752	38,199,170	13,260,964	4,689,250	4,700,213	-	66,768,970
Net carrying amount, end of the year	\$ 745,271	\$ 2,658,105	\$ 828,742	\$ 7,479,509	\$ 18,807,898	\$ 4,105,792	\$ 1,737,513	\$ 711,433	\$ 37,074,263

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

December 31, 2020

6. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction or development is \$284,850 (2019 - \$711,433).

7. Accumulated Surplus

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

	2020	2019 (restated)
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$37,980,883	\$ 37,074,263
Total invested in capital assets	37,980,883	37,074,263
Unfunded post-employment benefits	(364,214)	(340,937)
Unfunded solid waste closure and post-closure costs	(15,639)	(53,352)
General operating surplus (Note 9)	-	208,119
Fire surplus	277	277
Bruce Area Solid Waste Recycling (B.A.S.W.R.)	13,235	(5,346)
	37,614,542	36,883,024
Reserves and reserve funds (Note 8)	20,569,935	19,186,782
Accumulated surplus	\$58,184,477	\$ 56,069,806

As per resolution of Council the general 2020 operating surplus of \$236,288 as well as the prior year surplus of \$208,119 were transferred to working capital reserve.

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

December 31, 2020

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

	<u>2020</u>	<u>2019</u>
Reserves		
Working funds	\$ 3,000,474	\$ 1,823,010
Sick leave	521,687	487,436
Capital purposes	<u>16,882,892</u>	<u>16,712,895</u>
	20,405,053	19,023,341
Reserve funds		
Capital purposes	<u>164,882</u>	<u>163,441</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$20,569,935</u>	<u>\$ 19,186,782</u>

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

December 31, 2020

9. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2020 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.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (Page 7)	\$ 5,029,314	\$ 2,114,671	\$ 3,003,255
Amortization	-	2,074,502	1,890,516
Change in other surpluses	-	(18,581)	2,598
Change in unfunded liabilities	-	(14,436)	(87,532)
	5,029,314	4,156,156	4,808,837
Transfers to reserves	(3,218,220)	(5,780,807)	(4,352,536)
Transfers from reserves for operations	344,862	565,501	167,128
Transfers from reserves for capital	4,089,358	4,276,560	1,682,536
Capital acquisitions, disposals and write-down	(6,245,314)	(2,981,122)	(2,170,694)
Prior year capital projects funded	-	-	(12,239)
Current year general operating surplus before transfers to reserve	-	236,288	123,032
Transfer of current year general operating surplus to reserve per resolution	-	(236,288)	(123,032)
	-	-	-
Prior year accumulated general surplus	-	208,119	208,119
Transfer of prior year general operating surplus to reserve per resolution	-	(208,119)	-
Accumulated general surplus (Note 7)	\$ -	\$ -	\$ 208,119

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

December 31, 2020

10. Post-Employment Benefit Liabilities

	2020	2019
Accumulating sick leave (unamortized gain \$84,962)	\$ 287,408	\$ 262,775
Post-employment benefits (unamortized gain \$30,767)	76,806	78,162
	\$ 364,214	\$ 340,937

- 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.

	2020	2019
Sick leave liability, beginning of the year	\$ 262,775	\$ 240,360
Amortization of actuarial gain	(3,653)	(3,653)
Current year benefit expense	21,212	19,996
Interest accrued	9,461	8,395
Benefits paid	(2,387)	(2,323)
	\$ 287,408	\$ 262,775

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, 2020 is \$287,408. The reserve account maintained by the municipality at December 31, 2020 per the agreement is \$521,687 and any future sick leave payouts will be funded from the reserve.

- b) The municipality pays certain health, dental, travel and life insurance benefits on behalf of its retired members to the age of 70. The municipality recognizes these post-employment costs in the period in which the employees rendered the services. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.00%. For future salaries, a 2.75% annual rate of increase was used for 2020 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 6.08% increase was used for 2020 and decreasing .33% until 2027 where 3.75% was used thereafter.

	2020	2019
Accrued benefit liability, beginning of the year	\$ 78,162	\$ 79,269
Amortization of actuarial gain	(4,059)	(4,059)
Current year benefit expense	2,197	2,071
Interest accrued	1,752	1,642
Benefit payments	(1,246)	(761)
	\$ 76,806	\$ 78,162

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

December 31, 2020

11. Government Transfers

	2020 Budget	2020 Actual	2019 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,574,000	\$ 1,574,000	\$ 1,626,800
Public Works	35,000	32,177	39,308
Sewer and water	-	10,862	14,851
Other	84,959	437,822	762,522
	<u>1,693,959</u>	<u>2,054,861</u>	<u>2,443,481</u>
Government of Canada			
Other	-	-	5,468
Other Municipalities			
Other	80,000	1,150	2,584
Total operating transfers	<u>1,773,959</u>	<u>2,056,011</u>	<u>2,451,533</u>
Tangible Capital Asset			
Province of Ontario			
Public Works	151,022	42,171	279,033
Sewer and water	-	-	1,000
Other	401,262	17,046	19,441
	<u>552,284</u>	<u>59,217</u>	<u>299,474</u>
Government of Canada			
Federal Gas Tax	698,664	623,174	112,112
Public Works	655,757	9,326	-
Other	229,251	-	-
	<u>1,583,672</u>	<u>632,500</u>	<u>112,112</u>
Other Municipalities			
Public Works	-	-	35,223
Total tangible capital asset transfers	<u>2,135,956</u>	<u>691,717</u>	<u>446,809</u>
Total Transfers	<u>\$ 3,909,915</u>	<u>\$ 2,747,728</u>	<u>\$ 2,898,342</u>

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

December 31, 2020

12. Other Income

	2020 Budget	2020 Actual	2019 Actual
Penalties and interest on taxation	\$ 150,000	\$ 112,623	\$ 160,071
Other fines and penalties	1,040	315	966
Investment income	311,530	270,878	394,042
Licenses, permits and rents	347,838	309,296	391,272
Donations	6,255	193,601	85,667
Local improvement special charges	4,120	29,566	52,909
Loss on disposal of capital assets	-	(48)	(3,328)
Other	20,000	6,355	134,646
Insurance proceeds	-	-	389,384
	<u>\$ 840,783</u>	<u>\$ 922,586</u>	<u>\$ 1,605,629</u>

13. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 36 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2020 by the Municipality was \$229,836 (2019 - \$208,039). The contribution rate for 2020 was 9.0% to 15.8% depending on age and income level (2019 - 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, 2020. At that time the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion), based on actuarial liabilities of \$111.8 billion (2019 - \$106.4 billion) and actuarial assets of \$108.6 billion (2019 - \$103 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in financial markets may lead to increased future funding requirements.

14. Operations of School Boards and the County of Bruce

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

	2020	2019
School boards	\$ 1,441,730	\$ 1,435,452
County of Bruce	2,888,522	2,702,254
	<u>\$ 4,330,252</u>	<u>\$ 4,137,706</u>

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

December 31, 2020

15. Contingencies

The Municipality has been served with a claim as a result of a motor vehicle accident. The Municipality is not aware of any possible settlements in excess of its liability insurance coverage. The outcome of this claim is not determinable at this time.

16. Commitments

As of December 31, the Municipality has committed to various capital projects with a total cost of \$336,695 of which \$54,591 was paid in the year and \$282,104 is still to be paid.

17. Trust Funds

The trust funds administered by the Municipality amounting to \$553,810 (2019 - \$540,400) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities.

18. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Given the dynamic nature of these circumstances and the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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

December 31, 2020

19. Bruce Area Solid Waste Recycling

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

	2020	2019
Financial assets	\$ 2,517,711	\$ 2,661,641
Liabilities	256,318	217,468
Net financial assets	2,261,393	2,444,173
Non-financial assets	1,398,521	1,401,281
Accumulated surplus	\$ 3,659,914	\$ 3,845,454
Revenues	3,007,471	2,817,898
Expenses	3,193,011	3,248,211
Annual deficit	\$ (185,540)	\$ (430,313)

20. 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%.

	2020	2019
Financial assets	\$ 20,053	\$ 27,734
Liabilities	15,816	26,395
Net financial assets	4,237	1,339
Non-financial assets	100,722	116,954
Accumulated surplus	\$ 104,959	\$ 118,293
Revenues	\$ 214,978	\$ 235,891
Expenses	228,312	272,677
Annual deficit	\$ (13,334)	\$ (36,786)

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

December 31, 2020

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

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

	2020	2019
Financial assets	\$ 166,306	\$ 228,343
Liabilities	219,401	281,043
Net financial debt	(53,095)	(52,700)
Non-financial assets	523,352	412,489
Accumulated surplus	\$ 470,257	\$ 359,789
Revenues	\$ 1,532,861	\$ 1,791,586
Expenses	1,422,393	1,925,182
Annual deficit	\$ 110,468	\$ (133,596)

22. Prior Period Restatement

The Municipality completed its first Asset Management Plan in August 2017, which resulted in an update to the asset inventory to ensure a complete listing of municipal assets. During the year management identified a database discrepancy, whereby the additions documented in 2017 were not included in the prior year's financial statements as tangible assets. The impact of adjusting for these additional items is as follows:

	2019
Consolidated Statement of Financial Position:	
Increase in non-financial assets - tangible capital assets	\$ 3,629,287
Increase in accumulated surplus	\$ 3,629,287
Consolidated Statement of Operations and Accumulated Surplus:	
	2019
Increase in Accumulated surplus, beginning of the year	\$ 3,629,287

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

December 31, 2020

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.

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

December 31, 2020

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.

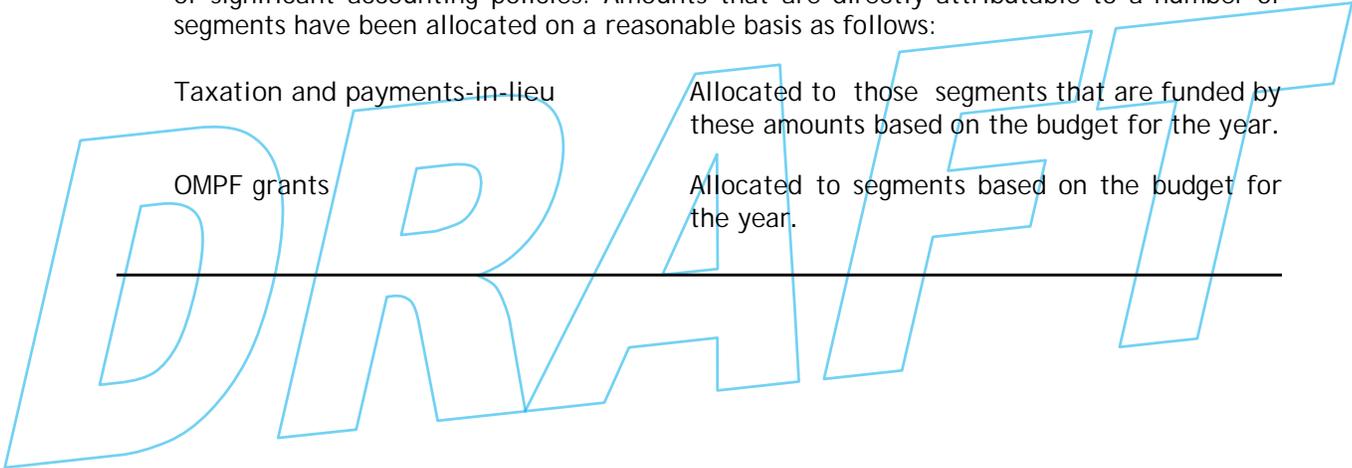
The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

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.



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

December 31, 2020

For the year ended December 31, 2020	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue									
Taxation	\$ 1,295,632	\$ 1,349,615	\$ 1,781,492	\$ -	\$ -	\$ -	\$ 755,785	\$ 215,938	\$ 5,398,462
Fees and user charges	32,149	166,964	32,800	2,593,352	463,145	53,665	347,871	32,774	3,722,720
Specific grants	152,944	44,789	746,683	10,862	124,997	-	56,545	36,908	1,173,728
OMPF grant	377,760	393,500	519,420	-	-	-	220,360	62,960	1,574,000
Other revenue	411,618	213,875	74,208	31,238	-	81,049	110,598	-	922,586
	<u>2,270,103</u>	<u>2,168,743</u>	<u>3,154,603</u>	<u>2,635,452</u>	<u>588,142</u>	<u>134,714</u>	<u>1,491,159</u>	<u>348,580</u>	<u>12,791,496</u>
Expenses									
Salaries and benefits	784,617	442,985	1,008,647	432,101	258,788	86,042	721,127	116,997	3,851,304
Interest on debt	-	-	-	-	-	-	-	27,136	27,136
Materials and supplies	326,303	240,203	618,017	357,236	117,153	50,832	462,388	92,881	2,265,013
Contracted services	87,440	1,260,539	612,383	122,728	175,008	6,354	72,009	31,240	2,367,701
Other transfers	-	83,235	-	-	-	-	-	-	83,235
Rents and financial expenses	6,193	-	-	-	42	1,055	644	-	7,934
Amortization	31,599	137,502	1,046,631	657,898	18,581	41,764	140,527	-	2,074,502
	<u>1,236,152</u>	<u>2,164,464</u>	<u>3,285,678</u>	<u>1,569,963</u>	<u>569,572</u>	<u>186,047</u>	<u>1,396,695</u>	<u>268,254</u>	<u>10,676,825</u>
Annual surplus (deficit)	<u>\$ 1,033,951</u>	<u>\$ 4,279</u>	<u>\$ (131,075)</u>	<u>\$ 1,065,489</u>	<u>\$ 18,570</u>	<u>\$ (51,333)</u>	<u>\$ 94,464</u>	<u>\$ 80,326</u>	<u>\$ 2,114,671</u>

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

December 31, 2020

For the year ended December 31, 2019	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2019 Total
Revenue									
Taxation	\$ 1,278,224	\$ 1,278,224	\$ 1,738,384	\$ -	\$ -	\$ -	\$ 715,805	\$ 102,258	\$ 5,112,895
Fees and user charges	59,265	230,163	79,239	2,495,963	512,783	67,670	524,761	38,318	4,008,162
Specific grants	644,569	-	515,306	15,851	51,530	1,901	10,388	31,997	1,271,542
OMPF grant	406,700	406,700	553,112	-	-	-	227,752	32,536	1,626,800
Other revenue	1,068,664	264,521	715	90,359	(1,041)	72,650	109,761	-	1,605,629
	<u>3,457,422</u>	<u>2,179,608</u>	<u>2,886,756</u>	<u>2,602,173</u>	<u>563,272</u>	<u>142,221</u>	<u>1,588,467</u>	<u>205,109</u>	<u>13,625,028</u>
Expenses									
Salaries and benefits	1,073,851	433,214	1,058,450	435,896	241,253	70,460	877,632	96,284	4,287,040
Interest on debt	-	-	-	-	-	-	-	29,886	29,886
Materials and supplies	159,069	224,106	634,651	424,681	33,884	59,755	533,830	21,655	2,091,631
Contracted services	79,275	1,180,970	454,822	112,755	182,892	5,454	40,644	150,942	2,207,754
Other transfers	26,627	79,348	-	-	-	-	-	-	105,975
Rents and financial expenses	5,620	-	807	131	547	1,002	864	-	8,971
Amortization	28,009	134,855	827,610	726,119	20,228	44,817	108,878	-	1,890,516
	<u>1,372,451</u>	<u>2,052,493</u>	<u>2,976,340</u>	<u>1,699,582</u>	<u>478,804</u>	<u>181,488</u>	<u>1,561,848</u>	<u>298,767</u>	<u>10,621,773</u>
Annual surplus (deficit)	<u>\$ 2,084,971</u>	<u>\$ 127,115</u>	<u>\$ (89,584)</u>	<u>\$ 902,591</u>	<u>\$ 84,468</u>	<u>\$ (39,267)</u>	<u>\$ 26,619</u>	<u>\$ (93,658)</u>	<u>\$ 3,003,255</u>

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

For the year ended December 31, 2020

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
In lieu of parkland	\$ 3,080	\$ -	\$ 28	\$ -	\$ 3,108
Federal gas tax	733,269	206,377	4,300	(623,174)	320,772
Main St. Revitalization	7,460	-	-	(7,460)	-
Subdivider contributions	22,343	-	197	-	22,540
	<u>766,152</u>	<u>206,377</u>	<u>4,525</u>	<u>(630,634)</u>	<u>346,420</u>
Other					
Ontario Community Infrastructure Fund	46,984	330,386	-	(4,671)	372,699
Ontario Trillium Grant	22,500	-	-	(22,500)	-
Accessibility Grant	12,000	-	-	(12,000)	-
Tara Rotary Club Fund	35,000	-	-	(35,000)	-
Ontario Power Grant	2,500	-	-	(2,500)	-
Treasure Chest Museum	5,723	-	-	(2,395)	3,328
Other revenue	-	10,319	-	-	10,319
	<u>124,707</u>	<u>340,705</u>	<u>-</u>	<u>(79,066)</u>	<u>386,346</u>
	<u>\$ 890,859</u>	<u>\$ 547,082</u>	<u>\$ 4,525</u>	<u>\$ (709,700)</u>	<u>\$ 732,766</u>

The Corporation of the
Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2020

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The Corporation of the Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2020

Contents

The Corporation of the Municipality of Arran-Elderslie Trust Funds

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

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BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial information for the Municipality of Arran-Elderslie Trust Funds (Trust Funds), which comprise the balance sheet as at December 31, 2020, the statement of continuity for the year then ended, and notes to the financial information including a summary of significant accounting policies.

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2020 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

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

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
September 27, 2021

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

December 31, 2020

	Total	Care and Maintenance	Cemetery Prepaid
Assets			
Cash	\$ 551,161	\$ 531,235	\$ 19,926
Due from the Municipality of Arran-Elderslie	2,649	2,649	-
	<u>553,810</u>	<u>533,884</u>	<u>19,926</u>
Fund balance	\$ 553,810	\$ 533,884	\$ 19,926

Statement of Continuity

	Total	Care and Maintenance	Cemetery Prepaid
Balance, beginning of the year	\$ 540,400	\$ 520,723	\$ 19,677
Receipts			
Interest	4,759	4,586	173
Plot sales and monument fees	13,411	13,161	250
	<u>18,170</u>	<u>17,747</u>	<u>423</u>
Expenditures			
Transfers to General	4,760	4,586	174
Balance, end of the year	\$ 553,810	\$ 533,884	\$ 19,926

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

December 31, 2020

1. Summary of Significant Accounting Policies

Management Responsibility The management of the Corporation of the Municipality of Arran-Elderslie has prepared and is responsible for the integrity, objectivity and accuracy of this financial information. The Council reviews and approves the financial information.

Basis of Accounting 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.

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.

Use of Estimates The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation These trust funds have not been consolidated with the financial statements of the Corporation of the Municipality of Arran-Elderslie.

Chesley and District Fire Board
Financial Statements
For the year ended December 31, 2020

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Chesley and District Fire Board
Financial Statements
For the year ended December 31, 2020

Contents

Financial Statements

Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 9
Notes to Financial Statements	10 - 11

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Independent Auditor's Report

To the Board Members, Members of Council
Inhabitants and Ratepayers of the
Participating Municipalities of the
Chesley and District Fire Board

Opinion

We have audited the accompanying financial statements of the Chesley and District Fire Board, which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Chesley and District Fire Board as at December 31, 2020 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Chesley and District Fire Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
September 27, 2021

Chesley and District Fire Board
Statement of Financial Position

December 31	2020	2019
Financial assets		
Due from the Township of Chatsworth	\$ 7,110	\$ 26,395
Due from the Municipality of Arran-Elderslie-Reserve	<u>4,237</u>	<u>1,339</u>
	11,347	27,734
Liabilities		
Due to the Municipality of Arran-Elderslie	<u>7,110</u>	<u>26,395</u>
Net financial assets	4,237	1,339
Non-financial assets		
Tangible capital assets (Note 2)	<u>100,723</u>	<u>116,954</u>
Accumulated surplus (Note 3)	<u>\$ 104,960</u>	<u>\$ 118,293</u>

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Chesley and District Fire Board
Statement of Operations and Accumulated Surplus

For the year ended December 31	2020 Budget (Note 1)	2020 Actual	2019 Actual
Revenue			
Municipal contributions			
Municipality of Arran-Elderslie	\$ 119,390	\$ 116,873	\$ 136,221
Municipality of Arran-Elderslie reserves	-	2,716	-
Township of Chatsworth	58,040	59,346	67,838
Provincial grant	-	3,605	-
Donations and other income	21,000	32,439	31,832
	<u>198,430</u>	<u>214,979</u>	<u>235,891</u>
Expenses			
Salaries and wages	101,534	108,078	126,091
Dispatch	6,200	6,254	6,347
Tanker expense	3,200	2,127	3,481
Materials, supplies and services	72,496	81,945	98,633
Amortization	-	29,908	38,125
	<u>183,430</u>	<u>228,312</u>	<u>272,677</u>
Annual surplus (deficit) (Note 1)	15,000	(13,333)	(36,786)
Accumulated surplus, beginning of the year	<u>118,293</u>	<u>118,293</u>	<u>155,079</u>
Accumulated surplus, end of the year	<u>\$ 133,293</u>	<u>\$ 104,960</u>	<u>\$ 118,293</u>

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

Chesley and District Fire Board
Statement of Changes in Net Financial Assets

For the year ended December 31	2020 Budget (Note 1)	2020 Actual	2019 Actual
Annual surplus (deficit) (Page 5)	\$ 15,000	\$ (13,333)	\$ (36,786)
Acquisition of tangible capital assets	(15,000)	(13,677)	-
Amortization of tangible capital assets	-	29,908	38,125
	(15,000)	16,231	38,125
Increase in net financial assets	-	2,898	1,339
Net financial assets, beginning of the year	1,339	1,339	-
Net financial assets, end of the year	\$ 1,339	\$ 4,237	\$ 1,339

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Chesley and District Fire Board
Statement of Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual deficit (Page 5)	\$ (13,333)	\$ (36,786)
Items not involving cash		
Amortization	29,908	38,125
	16,575	1,339
Changes in non-cash working capital balances		
Due from the Township of Chatsworth	19,285	806
Due from the Municipality of Arran-Elderslie-reserve	(2,898)	(1,339)
Due to the Municipality of Arran-Elderslie	(19,285)	(806)
	13,677	-
Capital transactions		
Cash used to acquire capital assets	(13,677)	-
Net change in cash and cash equivalents		
Cash and cash equivalents, beginning of the year	-	-
Cash and cash equivalents, end of the year	\$ -	\$ -

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

Chesley and District Fire Board Summary of Significant Accounting Policies

December 31, 2020

Management Responsibility The management of the Corporation of the Municipality of Arran-Elderslie is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. Management reviews and approves the financial statements before they are submitted to the Board.

Basis of Accounting The financial statements of the Chesley and District Fire Board are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

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 expenditures 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.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include 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 Council. The following rates are used:

Vehicles	10 years
Equipment and clothing	12 years

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

Chesley and District Fire Board
Summary of Significant Accounting Policies

December 31, 2020

Revenue Recognition

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- (a) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- (b) 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.

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Chesley and District Fire Board
Notes to Financial Statements

December 31, 2020

1. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations and accumulated surplus and changes in net debt for comparative purposes. The following is a reconciliation of the budget approved by the Board.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (deficit) (Page 5)	\$ 15,000	\$ (13,333)	\$ (36,786)
Transfers to reserves	-	(2,898)	(1,339)
Capital acquisitions	(15,000)	(13,677)	-
Amortization	-	29,908	38,125
	\$ -	\$ -	\$ -

2. Tangible Capital Assets

	2020		
	Vehicles	Equipment & Clothing	Total
Cost, beginning of the year	\$ 710,945	\$ 306,577	\$ 1,017,522
Additions	-	13,677	13,677
Disposals	-	-	-
Cost, end of the year	710,945	320,254	1,031,199
Accumulated amortization, beginning of the year	704,226	196,342	900,568
Amortization	6,719	23,189	29,908
Disposals	-	-	-
Accumulated amortization, end of the year	710,945	219,531	930,476
Net carrying amount, end of the year	\$ -	\$ 100,723	\$ 100,723

Chesley and District Fire Board
Notes to Financial Statements

December 31, 2020

2. Tangible Capital Assets - (continued)

	2019		
	Vehicles	Equipment & Clothing	Total
Cost, beginning of the year	\$ 710,945	\$ 306,577	\$ 1,017,522
Additions	-	-	-
Disposals	-	-	-
Cost, end of the year	710,945	306,577	1,017,522
Accumulated amortization, beginning of the year	688,098	174,345	862,443
Amortization	16,128	21,997	38,125
Disposals	-	-	-
Accumulated amortization, end of the year	704,226	196,342	900,568
Net carrying amount, end of the year	\$ 6,719	\$ 110,235	\$ 116,954

3. Accumulated Surplus

	2020	2019
Invested in tangible assets	\$ 100,723	\$ 116,954
Reserve	4,237	1,339
	\$ 104,960	\$ 118,293

APPENDIX B: UNADJUSTED DIFFERENCES

The Municipality of Arran-Elderslie
 Summary of Unadjusted Misstatements
 Thursday, December 31, 2020

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Landfill Liability	24,310				(24,310)		24,310
Prepayments in AR	25,313			25,313	(25,313)		
Amortization difference in comparatives as a result of prior period adjustment	35,364					35,364	(35,364)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	84,987	-	-	25,313	(49,623)	35,364	(11,054)
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				25,313	(49,623)	35,364	(11,054)

Details of why no adjustment has been made to the financial statements for the above items:
All identified misstatements individually and in aggregate are not material and would not impact users decision making.

APPENDIX C: REPRESENTATION LETTER

The Corporation of the Municipality of Arran-Elderslie
1925 Bruce Road 10, Box 70
Chesley ON N0G 1L0

September 27, 2021

BDO Canada LLP
Chartered Professional Accountants
1717 2nd Ave. E., 3rd Floor
P.O. Box 397
Owen Sound ON N4K 5P7

This representation letter is provided in connection with your audit of the financial statements of The Corporation of the Municipality of Arran-Elderslie for the year ended December 31, 2020, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 18, 2019, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian public sector accounting standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- We have provided you all the relevant information in order to appropriately record and disclose the restatement made to correct a material misstatement in the prior period financial statements that affect the comparative information. This restatement was for:
 - 2019 opening cost and accumulated amortization for various road, water and sewer capital assets.
- We have:
 - Evaluated all land owned by the Municipality or where the Municipality has accepted responsibility for the land as to whether there are sites in the Scope of PS 3260 Liability for Contaminated Sites.
 - Made available to you all financial records and related data relevant to the assessment of the liability for contaminated sites.
 - Recorded the necessary contaminated sites within the Scope of PS 3260
 - To the extent that our normal procedures and controls related to our financial statement close process at any of our locations were adversely impacted by COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with Canadian public sector accounting standards.

Yours truly,

Signature

Position

Signature

Position