

**TOWN OF ST. MARYS
FINANCIAL STATEMENTS
DECEMBER 31, 2022**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of St. Marys

Opinion

We have audited the accompanying financial statements of Corporation of the Town of St. Marys ("the Town"), which are comprised of the statement of financial position as at December 31, 2022 and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 Town 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 the financial statements in accordance with PSAB, 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Town'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 Town'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 Town 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.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
July 14, 2023

CORPORATION OF THE TOWN OF ST. MARYS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2022	2021
FINANCIAL ASSETS		
Cash	10,131,013	15,641,600
Investments	16,990,902	11,160,426
Taxes receivable	509,546	787,707
Trade and other receivables	2,655,709	1,362,322
	30,287,170	28,952,055
LIABILITIES		
Accounts payable and accrued liabilities	7,025,653	3,320,450
Deferred revenue - obligatory reserve funds (note 5)	5,788,899	4,694,623
Landfill closure and post-closure liability (note 6)	793,575	417,404
Municipal debt (note 7)	8,085,807	8,973,321
	21,693,934	17,405,798
NET FINANCIAL ASSETS	\$ 8,593,236	\$ 11,546,257
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 8)	94,553,579	90,414,857
Inventory and prepaid expenses	214,866	191,226
	94,768,445	90,606,083
ACCUMULATED SURPLUS (note 9)	\$ 103,361,681	\$ 102,152,340

The accompanying notes are an integral part of this financial statement

**CORPORATION OF THE TOWN OF ST. MARYS
CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Taxation for municipal purposes	13,495,309	13,667,252	13,250,783
User fees, licences, permits, and donations	7,756,801	8,320,855	7,324,555
Government transfers - Canada	23,066	595,398	342,489
Government transfers - Ontario	3,002,160	3,298,630	3,636,966
Government transfers - other municipalities	1,261,830	1,306,459	1,714,709
Investment income	161,926	387,275	179,330
Penalties and interest on taxes	85,000	58,348	89,859
Developer charges earned	-	125,690	48,062
Gain (loss) on sale of tangible capital assets	-	(369,566)	(150,296)
	<u>25,786,092</u>	<u>27,390,341</u>	<u>26,436,457</u>
Expenditure			
General government	3,012,347	4,164,151	2,420,652
Protection to persons and property	2,426,088	2,462,940	2,454,888
Transportation services	2,312,386	2,510,826	2,440,788
Environmental services	3,792,378	4,361,538	3,793,919
Health services	2,084,549	2,112,801	1,898,911
Social and family services	3,945,001	4,150,742	3,841,359
Social housing	461,465	446,717	389,839
Recreation and cultural services	4,669,490	4,791,289	3,950,274
Planning and development	881,888	1,179,996	757,332
	<u>23,585,592</u>	<u>26,181,000</u>	<u>21,947,962</u>
Annual surplus (deficit)	2,200,500	1,209,341	4,488,495
Accumulated surplus, beginning of year	<u>102,152,340</u>	<u>102,152,340</u>	<u>97,663,845</u>
Accumulated surplus, end of year	<u><u>\$ 104,352,840</u></u>	<u><u>\$ 103,361,681</u></u>	<u><u>\$ 102,152,340</u></u>

The accompanying notes are an integral part of this financial statement

CORPORATION OF THE TOWN OF ST. MARYS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	2,200,500	1,209,341	4,488,495
Amortization of tangible capital assets	2,640,249	2,756,834	2,640,249
Net acquisition of tangible capital assets	(13,487,600)	(7,265,122)	(2,512,789)
Loss (gain) on disposal of tangible capital assets	-	369,566	150,296
Decrease (increase) in inventory and prepaid expenses	-	(23,640)	(135,260)
	<u>(8,646,851)</u>	<u>(2,953,021)</u>	<u>4,630,991</u>
Net financial assets, beginning of year	<u>11,546,257</u>	<u>11,546,257</u>	<u>6,915,266</u>
Net financial assets, end of year	<u><u>\$ 2,899,406</u></u>	<u><u>\$ 8,593,236</u></u>	<u><u>\$ 11,546,257</u></u>

The accompanying notes are an integral part of this financial statement

**CORPORATION OF THE TOWN OF ST. MARYS
CONSOLIDATED STATEMENT OF CASH FLOW**

For the year ended December 31	2022	2021
Operating activities		
Annual surplus (deficit)	1,209,341	4,488,495
Amortization expense not requiring cash outlay	2,756,834	2,640,249
Loss (gain) on disposal of tangible capital assets	369,566	150,296
Decrease (increase) in taxes receivable	278,161	(251,578)
Decrease (increase) in accounts receivable	(1,293,387)	869,730
Increase (decrease) in accounts payable and accrued liabilities	3,705,203	(1,056,570)
Increase (decrease) in deferred revenue	1,094,276	1,056,107
Increase (decrease) in landfill closure & post-closure liability	376,171	(38,538)
Decrease (increase) in inventory and prepaid expenses	(23,640)	(135,260)
Cash provided by (used for) operating activities	<u>8,472,525</u>	<u>7,722,931</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(7,265,122)</u>	<u>(2,512,789)</u>
Cash provided by (used for) capital activities	<u>(7,265,122)</u>	<u>(2,512,789)</u>
Investing activities		
Decrease (increase) in investments	<u>(5,830,476)</u>	<u>(76,660)</u>
Cash provided by (used for) investing activities	<u>(5,830,476)</u>	<u>(76,660)</u>
Financing activities		
Net principal proceeds (repayments) on long-term debt	<u>(887,514)</u>	<u>(964,556)</u>
Cash provided by (used for) financing activities	<u>(887,514)</u>	<u>(964,556)</u>
Increase (decrease) in cash position	(5,510,587)	4,168,926
Cash (overdraft) beginning of year	<u>15,641,600</u>	<u>11,472,674</u>
Cash (overdraft) end of year	<u>\$ 10,131,013</u>	<u>\$ 15,641,600</u>

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE TOWN OF ST. MARYS
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. Accounting policies

The consolidated financial statements of the Corporation of the Town of St. Marys are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. In addition to general government tax-supported operations, they include any water and sewer systems operated by the municipality and the municipality's proportionate share of joint local boards.

These financial statements include the following municipal controlled local area boards:

- St. Marys Public Library Board
- St. Marys Police Services Board
- St. Marys Business Improvement Area

The following boards and municipal enterprises owned or controlled by Council have been proportionately consolidated, based upon weighted assessment of the participating municipalities:

Huron Perth Public Health	4.55%
Spruce Lodge	8.04%

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual Basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Long-term investments

Investments are recorded at cost plus accrued interest less amounts written off to reflect a permanent decline in value.

1. Accounting policies (continued)

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

- 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Category	Amortization Period
Land	not applicable
Land improvements	10 - 50 years
Buildings and building improvements	25 - 40 years
Library books, videos and CD's	10 years
Vehicles	5 years
Machinery and equipment	4 - 15 years
Water and wastewater infrastructure	30 - 100 years
Roads infrastructure - base	100 years
Roads infrastructure - surface	15 - 50 years
Streetlights	20 - 30 years
Signage	10 years
Bridges, dams & water structures	50 - 100 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The municipality has a capitalized threshold of \$1,000 - \$100,000, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Works of arts and historical treasures

The Town has a museum collection, a historical water tower and other treasures which have not been valued.

- Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

- Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value.

1. Accounting policies (continued)

e) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

f) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.

g) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged.

h) Landfill Site Closure and Post-Closure Care

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

i) Pensions

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

j) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Operations of school boards

Taxation levied for school board purposes are not reflected in the financial statements. The amounts transferred were:

	2022	2021
School Boards	\$ 2,379,587	\$ 2,281,314

3. Trust funds

Trust funds administered by the municipality amounting to \$ 671,544 (2021 : \$ 647,240) have not been included in the statement of financial position nor have their operations been included in the consolidated statement of operations.

4. Pension agreements

The municipality makes contributions to a multi-employer pension plan on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit 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 amount contributed for 2022 was \$503,587 (2021 : \$476,176) for current services and is included as an expenditure on the consolidated statement of operations.

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

5. Deferred revenue

Deferred revenue is comprised of obligatory reserve funds. The use of obligatory funds, together with earnings thereon, is restricted by legislation. These funds are recognized as revenue in the period they are used for the purpose specified.

6. Landfill closure and post-closure cost liability

Closure and post-closure care requirements are defined in accordance with industry standards and include final covering and landscaping of the landfill site, removal of ground water and leechates, and ongoing environmental monitoring, site inspections and maintenance. These costs will be incurred when the landfill site stops accepting waste, with the post-closure care expected to continue for an additional 25 years.

At December 31, 2022, the municipality has recognized a liability of \$793,575 (2021 : \$417,404). This represents the present value of the total estimated costs, and is based on a discount rate of 4.5% and assuming an annual inflation rate of 6.8%. The liability is recorded based on the capacity of the landfill used to date.

The reported liability is based on estimates and assumptions with respect to events extending over a long-term period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity and liability. Any changes in these estimates would be recognized in the year the change is identified.

The closure and post-closure care costs are expected to be funded in the year incurred.

7. Municipal debt

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

	2022	2021
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.09% interest, \$100,347 blended payment payable semi-annually, due November 2027 (for Municipal Operations Centre building)	876,203	1,026,535
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.88% interest, \$276,043 blended payment payable semi-annually, due May 2028 (for Pyramid Recreation Centre)	2,635,200	3,043,679
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.34% interest, \$102,463 blended payment payable semi-annually, due November 2028 (for Pyramid Recreation Centre)	1,040,302	1,183,899
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.1% interest, \$90,621 blended payment payable semi-annually, due December 2032 (for Wellington Street bridge replacement)	774,102	839,208
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 2.14% interest, \$60,000 principal payment plus interest payable semi-annually, due November 2045 (for fire hall expansion)	<u>2,760,000</u>	<u>2,880,000</u>
	<u>\$ 8,085,807</u>	<u>\$ 8,973,321</u>

Principal payments for the next five years are as follows:

2023: \$925,200 2024: \$964,900 2025: \$1,006,400 2026: \$1,050,100 2027: \$1,095,900

8. Tangible capital assets

The municipality's policy on accounting for tangible capital assets is as follows:

- i) Contributed tangible capital assets
 The municipality records all tangible capital assets contributed by external parties at fair value.
- ii) Tangible capital assets recognized at nominal value
 Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets information on the tangible capital assets of the municipality by major class and by business segment, as well as for accumulated amortization of the assets controlled.

9. Accumulated surplus

The accumulated surplus consists of individual fund surplus/(deficit) amounts and reserve and reserve funds as follows:

	2022	2021
Invested in tangible capital assets	\$ 86,467,772	\$ 81,441,536
General revenue accumulated surplus (deficit)	(459,582)	946,429
Unfunded landfill closure costs	(793,575)	(417,404)
Reserves and reserve funds	<u>18,147,066</u>	<u>20,181,779</u>
	<u>\$ 103,361,681</u>	<u>\$ 102,152,340</u>

For additional information, see the Consolidated Schedule of Continuity of Reserves, Reserve Funds, and Deferred Revenue.

10. Segmented information

The Town of St. Marys is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. 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 segment relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation Services

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes public health services, hospitals, ambulances, cemeteries and other health services.

Social and Family Services

This service area includes general social assistance, assistance to aged persons, childcare and other social services.

Social Housing

This service area includes public housing and other social housing services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

11. Financial instrument risk management

Credit risk

The municipality is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the municipality's receivables are from ratepayers and government entities. For trade and other receivables, the municipality measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality has a planning and a budgeting process in place to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

12. Contingent liability

The municipality has been notified of liability claims. Because the claims are within the municipality's insurance coverage, no provision has been made for the contingency in the financial statements.

The municipality has guaranteed a line of credit for The Canadian Baseball Hall of Fame & Museum with a limit of \$100,000, secured by guarantees from the Town of St. Marys and from several current and former directors of The Canadian Baseball Hall of Fame & Museum.

13. Budget amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2022 budget amounts for the Corporation of the Town of St. Marys approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities. Budget amounts were not available for certain boards consolidated by the municipality.

Approved budget annual surplus (deficit)	\$ -
Acquisition of tangible capital assets	13,487,600
Amortization of tangible capital assets	(2,640,249)
Debt principal repayments	917,753
Net reserve, reserve fund, and surplus transfers	(9,562,594)
Huron Perth Public Health proportionate net budget	-
Spruce Lodge proportionate net budget	<u>(2,010)</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 2,200,500</u>

14. Financial impact of COVID-19 pandemic

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Subsequently, the Province of Ontario issued a state of emergency limiting the number of people in a gathering and requiring rolling closures and lockdowns of non-essential business for an indeterminate period of time. The dynamic nature of the COVID-19 crisis makes it impossible to predict the impact this will have on the organization's operations, cash flows and financial position. Management will continue to monitor the situation and reflect the impact in the financial statements as appropriate.

CORPORATION OF THE TOWN OF ST. MARYS
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

	Land	Land Improvements	Buildings	Vehicles, Machinery and Equipment	Roads and Transportation Improvements	Environmental Networks	Work in Process	TOTAL Net Book Value 2022	TOTAL Net Book Value 2021
Cost									
Balance, beginning of year	1,972,241	5,285,548	29,861,821	8,238,241	35,599,652	51,487,740	2,421,164	134,866,407	132,859,337
Add: Additions during the year		415,780	436,947	698,420	679,411	124,449	4,920,315	7,275,322	2,544,486
Less: Disposals during the year	(598)	(8,019)	(1,108,359)	(143,728)	(56,262)	(18,778)		(1,335,744)	(537,416)
Balance, end of year	<u>1,971,643</u>	<u>5,693,309</u>	<u>29,190,409</u>	<u>8,792,933</u>	<u>36,222,801</u>	<u>51,593,411</u>	<u>7,341,479</u>	<u>140,805,985</u>	<u>134,866,407</u>
Accumulated Amortization									
Balance, beginning of year	-	2,922,280	9,795,775	4,294,556	14,297,886	13,141,053	-	44,451,550	42,166,724
Add: Amortization during the year		181,804	789,651	521,876	599,352	664,151		2,756,834	2,640,249
Less: Accumulated amortization on disposals		(97)	(772,495)	(141,686)	(33,473)	(8,227)		(955,978)	(355,423)
Balance, end of year	<u>-</u>	<u>3,103,987</u>	<u>9,812,931</u>	<u>4,674,746</u>	<u>14,863,765</u>	<u>13,796,977</u>	<u>-</u>	<u>46,252,406</u>	<u>44,451,550</u>
Net Book Value of									
Tangible Capital Assets	<u>1,971,643</u>	<u>2,589,322</u>	<u>19,377,478</u>	<u>4,118,187</u>	<u>21,359,036</u>	<u>37,796,434</u>	<u>7,341,479</u>	<u>\$ 94,553,579</u>	<u>\$ 90,414,857</u>

CORPORATION OF THE TOWN OF ST. MARYS
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

	General Government	Protection	Transportation	Environmental	Health	Social and Family	Recreation and Cultural	Planning and Development	Work in Process	TOTAL Net Book Value 2022	TOTAL Net Book Value 2021
Cost											
Balance, beginning of year	2,335,054	5,207,475	41,441,533	53,057,782	626,879	2,591,835	26,206,342	978,343	2,421,164	134,866,407	132,859,337
Add: Additions during the year	56,334		809,813	124,448	21,273	99,441	1,240,034	3,664	4,920,315	7,275,322	2,544,486
Less: Disposals during the year	(27,508)		(56,262)	(18,778)	(30,266)	(1,905)	(1,201,025)			(1,335,744)	(537,416)
Balance, end of year	<u>2,363,880</u>	<u>5,207,475</u>	<u>42,195,084</u>	<u>53,163,452</u>	<u>617,886</u>	<u>2,689,371</u>	<u>26,245,351</u>	<u>982,007</u>	<u>7,341,479</u>	<u>140,805,985</u>	<u>134,866,407</u>
Accumulated Amortization											
Balance, beginning of year	922,066	1,007,236	16,584,315	13,960,921	250,908	1,293,883	10,190,414	241,807	-	44,451,550	42,166,724
Add: Amortization during the year	95,325	227,535	816,611	699,766	32,223	112,906	753,823	18,645		2,756,834	2,640,249
Less: Accumulated amortization on disposals	(27,508)		(33,473)	(8,227)	(23,241)	(1,222)	(862,307)			(955,978)	(355,423)
Balance, end of year	<u>989,883</u>	<u>1,234,771</u>	<u>17,367,453</u>	<u>14,652,460</u>	<u>259,890</u>	<u>1,405,567</u>	<u>10,081,930</u>	<u>260,452</u>	<u>-</u>	<u>46,252,406</u>	<u>44,451,550</u>
Net Book Value of											
Tangible Capital Assets	<u>1,373,997</u>	<u>3,972,704</u>	<u>24,827,631</u>	<u>38,510,992</u>	<u>357,996</u>	<u>1,283,804</u>	<u>16,163,421</u>	<u>721,555</u>	<u>7,341,479</u>	<u>\$ 94,553,579</u>	<u>\$ 90,414,857</u>

CORPORATION OF THE TOWN OF ST. MARYS

Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue

For the Year Ended December 31, 2022

	Balance, beginning of year	Revenues and contributions			Expenditures Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Reserves and reserve funds						
Reserves						
for general government	7,443,064		2,325,823		(1,761,685)	8,007,202
for protection services	6,481		178,000		(90,031)	94,450
for transportation services	3,229,690		1,009,004		(2,811,087)	1,427,607
for environmental services	4,072,309		1,686,137		(2,711,594)	3,046,852
for health services	6,000		3,500		-	9,500
for social and family services	297,748		-		-	297,748
for recreation and cultural services	622,229		54,512		(4,000)	672,741
for planning and development	602,560		5,362		(6,911)	601,011
	<u>16,280,081</u>	<u>-</u>	<u>5,262,338</u>	<u>-</u>	<u>(7,385,308)</u>	<u>14,157,111</u>
Reserve funds						
PUC Reserve Fund	3,652,130	(28,208)			(46,000)	3,577,922
Fire Capital Reserve Fund	249,568	6,381	294,610		(138,526)	412,033
	<u>3,901,698</u>	<u>(21,827)</u>	<u>294,610</u>	<u>-</u>	<u>(184,526)</u>	<u>3,989,955</u>
Total reserves and reserve funds	<u>20,181,779</u>	<u>(21,827)</u>	<u>5,556,948</u>	<u>-</u>	<u>(7,569,834)</u>	<u>18,147,066</u>
Deferred revenue						
Development charges	2,346,241	9,216		364,974	(125,691)	2,594,740
OCIF infrastructure funding	179,709	4,594		658,582		842,885
Parkland	13,184	337		50,000		63,521
Provincial Gas Tax Funds	296,312	9,517		142,538	(113,323)	335,044
Federal Gas Tax Funds	1,859,177	56,711		460,821	(424,000)	1,952,709
	<u>4,694,623</u>	<u>80,375</u>	<u>-</u>	<u>1,676,915</u>	<u>(663,014)</u>	<u>5,788,899</u>
Total	<u>\$ 24,876,402</u>	<u>58,548</u>	<u>5,556,948</u>	<u>1,676,915</u>	<u>(8,232,848)</u>	<u>\$ 23,935,965</u>

CORPORATION OF THE TOWN OF ST. MARYS

Segmented Information

For the Year Ended December 31, 2022

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Culture	Planning and Development	Total 2022	Total 2021
Revenue											
Taxation	13,667,252	-	-	-	-	-	-	-	-	13,667,252	13,250,783
User charges, licences, donations	133,346	27,365	148,632	5,001,450	128,906	1,335,040	-	1,330,129	215,987	8,320,855	7,324,555
Government transfers	809,827	241,736	456,025	-	869,135	2,367,340	-	413,324	43,100	5,200,487	5,694,164
Interest and penalties	421,597	-	-	5,379	17,141	1,506	-	-	-	445,623	269,189
Other	(246,368)	-	(2,870)	-	-	-	-	-	5,362	(243,876)	(102,234)
	<u>14,785,654</u>	<u>269,101</u>	<u>601,787</u>	<u>5,006,829</u>	<u>1,015,182</u>	<u>3,703,886</u>	<u>-</u>	<u>1,743,453</u>	<u>264,449</u>	<u>27,390,341</u>	<u>26,436,457</u>
Operating expenditure											
Wages, salaries and benefits	1,582,658	563,415	652,181	470,458	859,520	2,956,807	-	2,296,697	541,995	9,923,731	9,327,665
Contract services	2,189,888	1,284,244	270,722	2,094,182	711,088	249,816	-	399,651	411,303	7,610,894	5,579,557
Supplies, materials and equipment	296,280	387,746	771,312	1,097,132	509,970	831,213	446,717	1,341,118	208,053	5,889,541	4,400,491
Amortization	95,325	227,535	816,611	699,766	32,223	112,906	-	753,823	18,645	2,756,834	2,640,249
	<u>4,164,151</u>	<u>2,462,940</u>	<u>2,510,826</u>	<u>4,361,538</u>	<u>2,112,801</u>	<u>4,150,742</u>	<u>446,717</u>	<u>4,791,289</u>	<u>1,179,996</u>	<u>26,181,000</u>	<u>21,947,962</u>
Net revenue (expense)	<u>10,621,503</u>	<u>(2,193,839)</u>	<u>(1,909,039)</u>	<u>645,291</u>	<u>(1,097,619)</u>	<u>(446,856)</u>	<u>(446,717)</u>	<u>(3,047,836)</u>	<u>(915,547)</u>	<u>1,209,341</u>	<u>4,488,495</u>

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of St. Marys

Opinion

We have audited the accompanying financial statements of trust funds of the Corporation of the Town of St. Marys ("the Town"), which are comprised of the balance sheet as at December 31, 2022 and the statements of continuity of trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 Town 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 the financial statements in accordance with PSAB, 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Town'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 Town'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 Town 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.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
July 14, 2023

**THE CORPORATION OF THE TOWN OF ST. MARYS
TRUST FUNDS**

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Cemetery Care and Maintenance Fund	St. Marys Public Library Trust Fund	2022	2021
Assets				
Cash	16,065	54,486	70,551	68,753
Investments (note 2)	585,271	-	585,271	570,362
Accounts receivable	47,055	-	47,055	24,139
	<u>\$ 648,391</u>	<u>\$ 54,486</u>	<u>\$ 702,877</u>	<u>\$ 663,254</u>
Liabilities				
Accounts payable and accrued liabilities	31,333	-	31,333	16,014
Fund balance	<u>617,058</u>	<u>54,486</u>	<u>671,544</u>	<u>647,240</u>
	<u>\$ 648,391</u>	<u>\$ 54,486</u>	<u>\$ 702,877</u>	<u>\$ 663,254</u>

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2022

	Cemetery Care and Maintenance Fund	St. Marys Public Library Trust Fund	2022	2021
Receipts				
Investment income	15,318	1,389	16,707	16,490
Revenue from interment rights	22,915	-	22,915	24,139
	<u>38,233</u>	<u>1,389</u>	<u>39,622</u>	<u>40,629</u>
Expenditures				
Contributions to operating fund	15,318	-	15,318	16,014
	<u>15,318</u>	<u>-</u>	<u>15,318</u>	<u>16,014</u>
Excess of receipts over expenditures for the year	22,915	1,389	24,304	24,615
Fund balance, beginning of year	594,143	53,097	647,240	622,625
Fund balance, end of year	<u>\$ 617,058</u>	<u>\$ 54,486</u>	<u>\$ 671,544</u>	<u>\$ 647,240</u>

THE CORPORATION OF THE TOWN OF ST. MARYS
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. Accounting Policies

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Town of St. Marys.

c) Basis of accounting

Sources of financing and expenses 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.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

2. Investments

Trust fund investments have a market value equal to cost of \$ 585,271 (2021 : \$ 570,362).