

**TOWN OF ST. MARYS
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

SEEBACH & COMPANY
Chartered Professional Accountants



MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Town of St. Marys (the "Town") are the responsibility of the Town's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the financial statements. These statements are monitored and evaluated by the Town's management. The Town's Council meets with management and the external auditor to review the financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.

TOWN OF ST. MARYS

Brent Kittmer
Chief Administrative Officer

André Morin, CPA
Director of Corporate Services / Treasurer

October 22, 2024

TOWN OF ST. MARYS

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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, 2023 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, 2023, 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
October 22, 2024

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

As at December 31	2023	2022 restated (see Note 2)
FINANCIAL ASSETS		
Cash	12,590,088	10,131,013
Investments (note 5)	13,691,890	16,990,902
Taxes receivable	793,241	509,546
Trade and other receivables	1,976,263	2,655,709
	29,051,482	30,287,170
LIABILITIES		
Accounts payable and accrued liabilities	4,508,623	7,025,653
Deferred revenue - obligatory reserve funds (note 7)	7,039,073	5,788,899
Asset retirement obligations (note 8)	507,650	497,700
Municipal debt (note 9)	7,160,563	8,085,807
	19,215,909	21,398,059
NET FINANCIAL ASSETS	\$ 9,835,573	\$ 8,889,111
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 10)	99,068,981	94,664,321
Inventory and prepaid expenses	176,393	214,866
	99,245,374	94,879,187
ACCUMULATED SURPLUS (note 11)	\$ 109,080,947	\$ 103,768,298

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	2023 Budget	2023 Actual	2022 Actual restated (see Note 2)
Revenue			
Taxation for municipal purposes	14,308,847	14,375,563	13,667,252
User fees, licences, permits, and donations	8,606,414	9,303,365	8,320,855
Government transfers - Canada	33,000	766,152	595,398
Government transfers - Ontario	2,874,806	3,432,829	3,298,630
Government transfers - other municipalities	1,292,078	1,873,896	1,306,459
Investment income	262,215	970,849	387,275
Penalties and interest on taxes	75,000	73,617	58,348
Developer charges earned	-	333,066	125,690
Gain (loss) on sale of tangible capital assets	-	(271,833)	(369,566)
	<u>27,452,360</u>	<u>30,857,504</u>	<u>27,390,341</u>
Expenditure			
General government	3,293,154	3,035,095	4,164,151
Protection to persons and property	2,482,473	2,703,041	2,462,940
Transportation services	2,637,848	2,607,620	2,510,826
Environmental services	4,104,255	4,025,667	3,998,383
Health services	1,694,361	1,743,311	2,112,801
Social and family services	4,374,285	4,536,252	4,150,742
Social housing	489,153	504,031	446,717
Recreation and cultural services	5,074,981	5,579,474	4,791,289
Planning and development	968,554	810,364	1,179,996
	<u>25,119,064</u>	<u>25,544,855</u>	<u>25,817,845</u>
Change in fund balance	<u>2,333,296</u>	<u>5,312,649</u>	<u>1,572,496</u>
Accumulated surplus, beginning of year			
as previously stated	103,768,298	103,768,298	102,152,340
Change in accounting policy (note 2)	<u>-</u>	<u>-</u>	<u>43,462</u>
Accumulated surplus, beginning of year restated	<u>103,768,298</u>	<u>103,768,298</u>	<u>102,195,802</u>
Accumulated surplus, end of year	<u><u>\$ 106,101,594</u></u>	<u><u>\$ 109,080,947</u></u>	<u><u>\$ 103,768,298</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	2023 Budget	2023 Actual	2022 Actual restated (see Note 2)
Annual surplus (deficit)	2,333,296	5,312,649	1,572,496
Amortization of tangible capital assets	2,756,834	2,831,142	2,760,091
Net acquisition of tangible capital assets	(15,034,404)	(7,507,635)	(7,265,122)
Loss (gain) on disposal of tangible capital assets	-	271,833	369,566
Decrease (increase) in inventory and prepaid expenses	-	38,473	(23,640)
	<u>(9,944,274)</u>	<u>946,462</u>	<u>(2,586,609)</u>
Net financial assets, beginning of year as previously stated		8,889,111	11,546,257
Change in accounting policy (note 2)			<u>(70,537)</u>
Net financial assets, beginning of year restated		<u>8,889,111</u>	<u>11,475,720</u>
Net financial assets, end of year		<u>\$ 9,835,573</u>	<u>\$ 8,889,111</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	2023	2022 restated (see Note 2)
Operating activities		
Annual surplus (deficit)	5,312,649	1,572,496
Amortization expense not requiring cash outlay	2,831,142	2,760,091
Loss (gain) on disposal of tangible capital assets	271,833	369,566
Decrease (increase) in taxes receivable	(283,695)	278,161
Decrease (increase) in accounts receivable	679,446	(1,293,387)
Increase (decrease) in accounts payable and accrued liabilities	(2,517,030)	3,705,203
Increase (decrease) in deferred revenue	1,250,174	1,094,276
Increase (decrease) in asset retirement obligations	9,950	9,759
Decrease (increase) in inventory and prepaid expenses	38,473	(23,640)
Cash provided by (used for) operating activities	<u>7,592,942</u>	<u>8,472,525</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(7,507,635)</u>	<u>(7,265,122)</u>
Cash provided by (used for) capital activities	<u>(7,507,635)</u>	<u>(7,265,122)</u>
Investing activities		
Decrease (increase) in investments	<u>3,299,012</u>	<u>(5,830,476)</u>
Cash provided by (used for) investing activities	<u>3,299,012</u>	<u>(5,830,476)</u>
Financing activities		
Net principal proceeds (repayments) on long-term debt	<u>(925,244)</u>	<u>(887,514)</u>
Cash provided by (used for) financing activities	<u>(925,244)</u>	<u>(887,514)</u>
Increase (decrease) in cash position	2,459,075	(5,510,587)
Cash (overdraft) beginning of year	<u>10,131,013</u>	<u>15,641,600</u>
Cash (overdraft) end of year	<u>\$ 12,590,088</u>	<u>\$ 10,131,013</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, 2023

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	4.63%
Spruce Lodge	8.10%

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) 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) Asset retirement obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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) Revenue recognition

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued. Adjustments to taxation revenue due to changes in assessments are initially recognized based on management's best estimates of the taxes that will be received.

Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

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

k) 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. Change in Accounting Policy

- (a) Effective January 1, 2023 the municipality adopted new Public Sector Accounting Handbook Standard PS 3280 - Asset Retirement Obligations. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. The new standard resulted in the withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. As a result of the adoption, the presentation of the financial statements changed from the prior year. This change in accounting policy has been applied using the modified retroactive application with restatement of prior periods.

The municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation, and associated tangible capital asset, upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care for the landfill site owned by the municipality.

The impact of adoption of this standard was as follows:

	2022
Increase in tangible capital assets	\$ 110,742
Decrease in landfill liability	793,575
Increase in asset retirement obligations	(497,700)
Decrease to Environmental services expenses	<u>(363,155)</u>
Increase in opening accumulated surplus	<u>\$ 43,462</u>

The change in accounting policy resulted in a \$363,155 decrease in the previously reported Protection to persons and property expenses for the 2022 year and a corresponding increase of \$363,155 in the previously reported annual surplus for the 2022 year.

- (b) On January 1, 2022, the municipality adopted the following standards on a prospective basis: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments. The adoption of these standards had no impact on the opening balances.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. The standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

3. Operations of school boards

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

	2023	2022
School Boards	\$ 2,427,694	\$ 2,379,587

4. Trust funds

Trust funds administered by the municipality amounting to \$ 702,616 (2022 : \$ 671,544) have not been included in the statement of financial position nor have their operations been included in the consolidated statement of operations.

5. Investments

	2023	2022
Cash and savings accounts	113,010	1,734,010
Fixed income	10,489,042	12,159,088
Mutual funds	2,897,129	2,897,129
Other investments	<u>192,709</u>	<u>200,675</u>
	<u>\$ 13,691,890</u>	<u>\$ 16,990,902</u>

The fixed income investments carry effective interest rates of 1.589% to 5.35% (2022 : 1.65% to 5.25%) and mature in March 2024 to February 2029. Interest is receivable on an annual basis. The mutual funds consists of principal protected notes are stated their amortized cost, have a principal balance of \$2,897,129 (2022 : \$2,897,129) and mature in January 2025 to December 2027. The return is based on certain market performance over the life of the notes and is determined upon maturity. The fair value of the investments is \$13,526,893 (2022 : \$16,774,579).

6. 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 2023 was \$593,489 (2022 : \$503,587) 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.

7. Deferred revenue

Deferred revenue funds include obligatory and non-obligatory funds. The use of obligatory funds, together with earnings thereon, is restricted by legislation. The use of non-obligatory funds is at the discretion of council. These funds are recognized as revenue in the period they are used for the purpose specified.

8. Asset retirement obligations

The municipality's financial statements include an asset retirement obligation for the landfill and other environmentally hazardous materials. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 2% (2022 : 2%). The estimated total undiscounted future expenditures are \$1,157,445 (2022 : \$1,157,445), which are to be incurred over 20 years. The liability is expected to be fully settled in 55 years.

8. Asset retirement obligations (continued)

The carrying amount of the liabilities are as follows:

	2023	2022
Asset retirement obligation, beginning	497,700	-
Opening balance adjustment	-	487,941
Accretion expense	<u>9,950</u>	<u>9,759</u>
Asset retirement obligations, ending	<u>\$ 507,650</u>	<u>\$ 497,700</u>

The liability is expected to be funded through budget allocations to a landfill reserve fund over the remaining life of the related tangible capital asset.

The municipality operates one landfill sites, the St. Marys landfill site, which has an estimated closure date of 2056, for which the total reported liability is \$507,650 (2022 : \$497,700). A reserve has been established to partially provide for this landfill site closure and post-closure liability. The reserve balance at December 31, 2023 is \$160,025 (2022 : \$439,541) for the landfill sites operated by the municipality. The balance of the future liability is expected to be funded through budget allocations to the landfill reserve.

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.

9. Municipal debt

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

	2023	2022
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)	718,122	876,203
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.88% interest, \$276,043 blended payment payable semi-annually, due May 2028 (for Pyramid Recreation Centre)	2,206,545	2,635,200
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.34% interest, \$102,463 blended payment payable semi-annually, due November 2028 (for Pyramid Recreation Centre)	888,934	1,040,302
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)	706,961	774,102
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>2,640,000</u>	<u>2,760,000</u>
	<u>\$ 7,160,563</u>	<u>\$ 8,085,807</u>

Principal payments for the next five years are as follows:

2024: \$964,900 2025: \$1,006,400 2026: \$1,050,100 2027: \$1,095,900 2028: \$664,800

10. 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.

11. Accumulated surplus

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

	2023	2022
Invested in tangible capital assets	\$ 99,068,981	\$ 94,664,321
General revenue accumulated surplus (deficit)	721,985	(459,582)
Unfinanced long-term debt	(7,160,563)	(8,085,807)
Unfinanced asset retirement obligations	(507,650)	(497,700)
Reserves and reserve funds	<u>16,958,194</u>	<u>18,147,066</u>
	<u>\$ 109,080,947</u>	<u>\$ 103,768,298</u>

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

12. 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.

12. Segmented information (continued)

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.

13. 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.

14. 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.

15. Budget amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2023 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	15,034,404
Amortization of tangible capital assets	(2,756,834)
Debt principal repayments	954,785
Net reserve, reserve fund, and surplus transfers	(10,878,060)
Huron Perth Public Health proportionate net budget	(10)
Spruce Lodge proportionate net budget	<u>(20,989)</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 2,333,296</u>

CORPORATION OF THE TOWN OF ST. MARYS
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

	Land	Land Improvements	Buildings	Vehicles, Machinery and Equipment	Roads and Transportation Improvements	Environmenta Networks	Work in Process	TOTAL Net Book Value 2023	TOTAL Net Book Value 2022
Cost									
Balance, beginning of year	1,971,643	5,927,817	29,190,409	8,792,933	36,222,801	51,593,411	7,341,479	141,040,493	135,100,915
Add: Additions during the year	368	409,661	1,316,948	1,056,487	736,348	962,845	3,130,667	7,613,324	7,275,322
Less: Disposals during the year	(1)	(16,762)	(293,983)	(561,367)		(45,745)	(5,704)	(923,562)	(1,335,744)
Other: WIP transfers		14,856	19,192	3,555	26,162	1,729,642	(1,793,407)	-	-
Balance, end of year	<u>1,972,010</u>	<u>6,335,572</u>	<u>30,232,566</u>	<u>9,291,608</u>	<u>36,985,311</u>	<u>54,240,153</u>	<u>8,673,035</u>	<u>147,730,255</u>	<u>141,040,493</u>
Accumulated Amortization									
Balance, beginning of year	-	3,227,753	9,812,931	4,674,746	14,863,765	13,796,977	-	46,376,172	44,572,059
Add: Amortization during the year		206,041	778,810	539,839	616,197	690,255		2,831,142	2,760,091
Less: Accumulated amortization on disposals		(10,554)	(38,978)	(474,313)		(22,195)		(546,040)	(955,978)
Balance, end of year	<u>-</u>	<u>3,423,240</u>	<u>10,552,763</u>	<u>4,740,272</u>	<u>15,479,962</u>	<u>14,465,037</u>	<u>-</u>	<u>48,661,274</u>	<u>46,376,172</u>
Net Book Value of									
Tangible Capital Assets	<u>1,972,010</u>	<u>2,912,332</u>	<u>19,679,803</u>	<u>4,551,336</u>	<u>21,505,349</u>	<u>39,775,116</u>	<u>8,673,035</u>	<u>\$ 99,068,981</u>	<u>\$ 94,664,321</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 2023	TOTAL Net Book Value 2022
Cost											
Balance, beginning of year	2,363,880	5,207,475	42,195,084	53,397,960	617,886	2,689,371	26,245,351	982,007	7,341,479	141,040,493	135,100,915
Add: Additions during the year	494,651	715,563	935,938	1,239,728	164,752	123,702	808,321		3,130,667	7,613,322	7,275,322
Less: Disposals during the year	(137,250)	(263,000)	(416,258)	(52,048)	(17,819)		(31,483)		(5,704)	(923,562)	(1,335,744)
Other: WIP transfers	18,861		303,375	1,452,760			18,411		(1,793,407)	-	-
Balance, end of year	<u>2,740,142</u>	<u>5,660,038</u>	<u>43,018,139</u>	<u>56,038,400</u>	<u>764,819</u>	<u>2,813,073</u>	<u>27,040,600</u>	<u>982,007</u>	<u>8,673,035</u>	<u>147,730,253</u>	<u>141,040,493</u>
Accumulated Amortization											
Balance, beginning of year	989,883	1,234,771	17,367,453	14,776,226	259,890	1,405,567	10,081,930	260,452	-	46,376,172	44,572,059
Add: Amortization during the year	91,007	236,937	845,298	728,638	20,268	120,029	770,861	18,104		2,831,142	2,760,091
Less: Accumulated amortization on disposals	(52,250)	(251,100)	(198,732)	(27,867)	(16,091)					(546,040)	(955,978)
Balance, end of year	<u>1,028,640</u>	<u>1,220,608</u>	<u>18,014,019</u>	<u>15,476,997</u>	<u>264,067</u>	<u>1,525,596</u>	<u>10,852,791</u>	<u>278,556</u>	<u>-</u>	<u>48,661,274</u>	<u>46,376,172</u>
Net Book Value of Tangible Capital Assets	<u>1,711,502</u>	<u>4,439,430</u>	<u>25,004,120</u>	<u>40,561,403</u>	<u>500,752</u>	<u>1,287,477</u>	<u>16,187,809</u>	<u>703,451</u>	<u>8,673,035</u>	<u>\$ 99,068,979</u>	<u>\$ 94,664,321</u>

CORPORATION OF THE TOWN OF ST. MARYS
Consolidated Schedule of Continuity of Reserves and Reserve Funds
For the Year Ended December 31, 2023

	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	8,007,202		2,018,071		(2,658,506)	7,366,767
for protection services	94,450		71,371		(151,731)	14,090
for transportation services	1,427,607		1,242,116		(1,120,505)	1,549,218
for environmental services	3,046,852		2,626,054		(2,812,602)	2,860,304
for health services	9,500		17,782		-	27,282
for social and family services	297,748		-		-	297,748
for recreation and cultural services	672,741		42,781		(50,688)	664,834
for planning and development	601,011		560		(15,848)	585,723
	<u>14,157,111</u>	<u>-</u>	<u>6,018,735</u>	<u>-</u>	<u>(6,809,880)</u>	<u>13,365,966</u>
Reserve funds						
PUC Reserve Fund	3,577,922	173,880			(56,000)	3,695,802
Fire Capital Reserve Fund	412,033	23,264	25,252		(564,123)	(103,574)
	<u>3,989,955</u>	<u>197,144</u>	<u>25,252</u>	<u>-</u>	<u>(620,123)</u>	<u>3,592,228</u>
Total reserves and reserve funds	<u>18,147,066</u>	<u>197,144</u>	<u>6,043,987</u>	<u>-</u>	<u>(7,430,003)</u>	<u>\$ 16,958,194</u>

CORPORATION OF THE TOWN OF ST. MARYS
Consolidated Schedule of Continuity of Deferred Revenue
For the Year Ended December 31, 2023

	Balance, beginning of year	Revenues and contributions			Expenditures Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Deferred revenue						
Development charges	2,594,740	137,674		278,444	(333,066)	2,677,792
OCIF infrastructure funding	842,885	47,591		702,983		1,593,459
Parkland	63,521	3,586		19,000		86,107
Provincial Gas Tax Funds	335,044	22,619		163,485	(106,250)	414,898
Federal Gas Tax Funds	1,952,709	119,692		480,857	(286,441)	2,266,817
	<u>5,788,899</u>	<u>331,162</u>	<u>-</u>	<u>1,644,769</u>	<u>(725,757)</u>	<u>\$ 7,039,073</u>

CORPORATION OF THE TOWN OF ST. MARYS

Segmented Information

For the Year Ended December 31, 2023

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Culture	Planning and Development	Total 2023	Total 2022
Revenue											
Taxation	14,375,563	-	-	-	-	-	-	-	-	14,375,563	13,667,252
User charges, licences, donations	359,803	45,110	81,180	5,269,127	195,015	1,328,006	-	1,653,780	371,344	9,303,365	8,320,855
Government transfers	1,160,079	190,951	32,605	-	746,603	3,177,899	-	761,083	3,657	6,072,877	5,200,487
Interest and penalties	1,013,883	-	-	4,991	22,521	3,071	-	-	-	1,044,466	445,623
Other	(204,704)	25,253	124,356	11,328	-	-	-	105,000	-	61,233	(243,876)
	<u>16,704,624</u>	<u>261,314</u>	<u>238,141</u>	<u>5,285,446</u>	<u>964,139</u>	<u>4,508,976</u>	<u>-</u>	<u>2,519,863</u>	<u>375,001</u>	<u>30,857,504</u>	<u>27,390,341</u>
Operating expenditure											
Wages, salaries and benefits	1,776,973	576,366	708,053	462,844	780,030	3,293,887	-	2,727,049	498,822	10,824,024	9,923,731
Contract services	657,870	1,288,884	362,165	1,964,943	737,856	199,882	-	475,908	99,139	5,786,647	7,610,894
Supplies, materials and equipment	509,245	600,854	692,104	869,242	205,157	922,454	504,031	1,605,656	194,299	6,103,042	5,523,129
Amortization	91,007	236,937	845,298	728,638	20,268	120,029	-	770,861	18,104	2,831,142	2,760,091
	<u>3,035,095</u>	<u>2,703,041</u>	<u>2,607,620</u>	<u>4,025,667</u>	<u>1,743,311</u>	<u>4,536,252</u>	<u>504,031</u>	<u>5,579,474</u>	<u>810,364</u>	<u>25,544,855</u>	<u>25,817,845</u>
Net revenue (expense)	<u>13,669,529</u>	<u>(2,441,727)</u>	<u>(2,369,479)</u>	<u>1,259,779</u>	<u>(779,172)</u>	<u>(27,276)</u>	<u>(504,031)</u>	<u>(3,059,611)</u>	<u>(435,363)</u>	<u>5,312,649</u>	<u>1,572,496</u>

**TOWN OF ST. MARYS
TRUST FUNDS
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 trust funds of the Corporation of the Town of St. Marys ("the Town"), which are comprised of the balance sheet as at December 31, 2023 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, 2023, 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
October 22, 2024

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

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Cemetery Care and Maintenance Fund	St. Marys Public Library Trust Fund	2023	2022
Assets				
Cash	33,399	57,498	90,897	70,551
Investments (note 2)	604,208	-	604,208	585,271
Accounts receivable	28,059	-	28,059	47,055
	<u>\$ 665,666</u>	<u>\$ 57,498</u>	<u>\$ 723,164</u>	<u>\$ 702,877</u>
Liabilities				
Accounts payable and accrued liabilities	20,548	-	20,548	31,333
Fund balance	<u>645,118</u>	<u>57,498</u>	<u>702,616</u>	<u>671,544</u>
	<u>\$ 665,666</u>	<u>\$ 57,498</u>	<u>\$ 723,164</u>	<u>\$ 702,877</u>

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2023

	Cemetery Care and Maintenance Fund	St. Marys Public Library Trust Fund	2023	2022
Receipts				
Investment income	20,549	3,012	23,561	16,707
Revenue from interment rights	28,059	-	28,059	22,915
	<u>48,608</u>	<u>3,012</u>	<u>51,620</u>	<u>39,622</u>
Expenditures				
Contributions to operating fund	20,548	-	20,548	15,318
	<u>20,548</u>	<u>-</u>	<u>20,548</u>	<u>15,318</u>
Excess of receipts over expenditures for the year	28,060	3,012	31,072	24,304
Fund balance, beginning of year	617,058	54,486	671,544	647,240
Fund balance, end of year	<u>\$ 645,118</u>	<u>\$ 57,498</u>	<u>\$ 702,616</u>	<u>\$ 671,544</u>

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

For the Year Ended December 31, 2023

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 \$ 593,249 (2022 : \$ 585,271).