

**Subject: 2022 Audited Financial Statements**

**Department: Corporate Services**

**Division: Finance**

**Report #: CPS-2023-035**

**Meeting Date: 2023-05-15**

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### **Recommendations**

**That report CPS-2023-035 regarding the 2022 Audited Financial Statements be received;**

**And that Council approve the Audited Consolidated Financial Statements of The Corporation of the Town of Orangeville and the Statements of Trust Funds as presented;**

**And that Council directs Finance Staff to allocate the 2022 General Surplus of \$5,869,792 to the General Capital Reserve Fund.**

### **Background and Analysis**

While municipalities may prepare a wide variety of financial reports for management purposes, they are required to prepare two main reports intended for external users – annual Financial Statements and an annual Financial Information Return. Section 294 of the Act requires that the municipality prepare the Financial Statements for the municipality in accordance with Generally Accepted Accounting Principles as per PSAB. Government Financial Statements in Canada (Federal, Provincial, Territorial, and Municipal) are required to be audited annually by external (independent) auditors. Section 296 of the Act requires that municipal Financial Statements be audited by an auditor licensed under the **Public Accounting Act**. Within 60 days of receiving the Audited Financial Statements, Section 295 of the Act requires the municipality to make them publicly available. The Financial Statements and their accompanying notes are a central feature of a municipality's accountability to its citizens.

The objective of financial statements is to provide information about the financial position, performance, and changes in financial position of the municipality that is useful to a wide range of users in making financial decisions. Municipalities are required to present the following Financial Statements:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Change in Net Debt
4. Statement of Cash Flows
5. Notes to Financial Statements

The annual calculation of surplus means that revenues are greater than expenses, while accumulated surplus means that total assets (financial and non-financial) exceed liabilities. For 2022, the Audited Financial Statements present an accrual surplus that includes non-cash expenses including the change in capital and reserves. Whereas, the operating/general surplus, presented here, is cash realized.

For the 2022 fiscal year the Town of Orangeville's Net Cash Surplus position is \$6,358,537. During 2023 budget deliberations, Council approved \$488,745 from 2022 General Bank Interest Income (Motion 2023-045) on January 24, 2023. Included in the 2022 General Surplus is the \$488,745 surplus in interest income. Therefore, the net surplus amount to be transferred is \$5,869,792.

Staff are recommending allocation of the 2022 general cash surplus to the Town's General Capital Reserves. Council would recall adopting a similar approach in previous years.

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## Strategic Alignment

### Strategic Plan

Strategic Goal: Future Readiness

Objective: Due Diligence – Confirm applicable governance and policy regimes

### Sustainable Neighbourhood Action Plan

Theme: Corporate and Fiscal

Strategy: Encourage and support inter-departmental collaboration and communication to facilitate the adoption of sustainable practices in the municipality

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## Notice Provisions

None

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**Financial Impact**

The approval of the recommended allocation of the 2022 net cash surplus would result in an increase to General Capital Reserves of \$5,869,792. The \$488,745 has already been accounted for in the 2023 budget.

Respectfully submitted

Reviewed by

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Prepared by

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**Attachment(s):** Town of Orangeville 2022 Draft Financial Statements