TOWN OF SOUTHEY

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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STATEMENT OF RESPONSIBILITY

To the Ratepayers of the Town of Southey:

The Town's management is responsible for the preparation and presentation of the accompanying consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management are required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting, budget, and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Council is composed of elected officials who are not employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfills these responsibilities by reviewing the financial information prepared by administration and discussing relevant matters with external auditors. The Council is also responsible for recommending appointment of the Town's external auditors.

Sensus Chartered Professional Accountants Ltd., an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and administration to discuss their audit findings.

Mayor

Administrator

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of:
Town of Southey
Southey, Saskatchewan

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Town of Southey, which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Southey as at December 31, 2022, and its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Province of Saskatchewan has stringent environmental approval processes for landfill sites that are set out by legislation and regulation. Prior to receiving environmental approval and accepting any waste, a landfill operator is obligated to include responsibility for closure and post-closure care of the approved sites, which requires the Town of Southey to set up a liability and accrue for the future expense to restore the land after closure. Touchwood Hills Regional Landfill Inc., a consolidated entity of the Town of Southey, has not recorded a landfill liability; therefore, we have qualified our audit opinion as a result of the unrecorded liability which is a departure from Canadian public sector accounting standards.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Town of Southey in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we 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 qualified opinion.

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

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

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

Those charged with governance are responsible for overseeing the Town of Southey's financial reporting process.

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

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

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

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

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

Yorkton, Saskatchewan
June 14, 2023

Chartered Professional Accountants Ltd.

TOWN OF SOUTHEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

		2022	2021
FINANCIAL ASSETS			
Cash	$	**2,220,016**	$ 1,741,795
Taxes receivable - municipal (Note 2)		**40,899**	33,475
Amounts receivable (Note 3)		**87,102**	164,993
Portfolio investments (Note 5)			120,000
Patronage equity		**694**	688
TOTAL FINANCIAL ASSETS		**2,348,711**	2,060,951
LIABILITIES			
Accounts payable and accrued liabilities		**72,369**	91,633
Deposits (Note 1)		**20,756**	18,411
Deferred revenue (Notes 1 and 6)		**66,201**	3,000
Long-term debt (Note 7)		**643,932**	903,181
TOTAL LIABILITIES		**803,258**	1,016,225
NET FINANCIAL ASSETS		**1,545,453**	1,044,726
NON-FINANCIAL ASSETS			
Tangible capital assets (Schedules 6 and 7)		**9,699,971**	10,064,019
Assets held for sale (Note 4)		**118,794**	60,431
Prepaid expenses		**1,243**	714
TOTAL NON-FINANCIAL ASSETS		**9,820,008**	10,125,164
ACCUMULATED SURPLUS (Schedule 8)	$	**11,365,461**	$11,169,890

TOWN OF SOUTHEY
CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
REVENUE			
Taxes and other unconditional revenue (Schedule 1)	$ 966,040	$ 969,426	$ 964,073
Fees and charges (Schedules 4 and 5)	377,480	429,847	420,867
Conditional grants (Schedules 4 and 5)	9,650	40,920	74,988
Tangible capital asset sales - gain (loss) (Schedules 4 and 5)		719	28,037
Land sales - gain (Schedules 4 and 5)	150,000	148,481	95,938
Investment income and commissions (Schedules 4 and 5)	4,400	13,440	5,426
Other revenues (Schedules 4 and 5)	100	43,697	24,662
	1,507,670	1,646,530	1,613,991
EXPENSES			
General government services (Schedule 3)	261,214	279,904	225,442
Protective services (Schedule 3)	198,765	146,167	123,870
Transportation services (Schedule 3)	416,130	350,983	316,934
Environmental and public health services (Schedule 3)	139,392	204,856	240,985
Planning and development services (Schedule 3)	13,000	25,993	32,909
Recreation and cultural services (Schedule 3)	99,229	126,187	119,529
Utility services (Schedule 3)	369,526	341,713	315,163
	1,497,256	1,475,803	1,374,832
SURPLUS BEFORE OTHER CAPITAL CONTRIBUTIONS	10,414	170,727	239,159
Provincial/Federal capital grants and contributions (Schedules 4 and 5)	97,970	24,844	173,794
ANNUAL SURPLUS	108,384	195,571	412,953
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,169,890	11,169,890	10,756,937
ACCUMULATED SURPLUS, END OF YEAR	$ 11,278,274	$ 11,365,461	$11,169,890

TOWN OF SOUTHEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
ANNUAL SURPLUS	$ 108,384	$ 195,571	$ 412,953
Acquisition of tangible capital assets	(135,550)	(101,731)	(230,965)
Amortization of tangible capital assets	374,716	374,716	351,340
Write down of tangible capital assets			30,188
Gain on sale of tangible capital assets	(150,000)	(719)	(28,038)
Proceeds on sale of tangible capital assets		91,782	74,228
Decrease (increase) in prepaid expenses		(529)	321
Proceeds on sale of assets held for sale		180,000	98,000
Acquisition of assets held for sale		(89,882)	
Gain on sale of assets held for sale		(148,481)	(95,938)
	89,166	305,156	199,136
CHANGE IN NET FINANCIAL ASSETS	$ 197,550	500,727	612,089
NET FINANCIAL ASSETS, BEGINNING OF YEAR		1,044,726	432,637
NET FINANCIAL ASSETS, END OF YEAR		$ 1,545,453	$ 1,044,726

TOWN OF SOUTHEY
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended December 31, 2022

	2022	2021
OPERATING TRANSACTIONS		
Annual surplus	$ 195,571	$ 412,953
Changes in non-cash items:		
Taxes receivable - municipal	(7,424)	11,605
Amounts receivable	77,891	(31,063)
Prepaid expenses	(529)	321
Accounts payable and accrued liabilities	(19,264)	(22,431)
Deposits	2,345	1,879
Deferred revenue	63,201	(75,827)
Patronage equity	(6)	216
Gain on sale of tangible capital assets	(719)	(28,038)
Gain on sale of assets held for sale	(148,481)	(95,938)
Amortization	374,716	351,340
Cash provided by operating transactions	537,301	525,017
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	91,782	74,228
Cash used to acquire tangible capital assets	(101,731)	(230,965)
Write down of tangible capital assets		30,188
Cash applied to capital transactions	(9,949)	(126,549)
INVESTING TRANSACTIONS		
Proceeds on disposal of investments	120,000	
Proceeds on sale of assets held for sale	180,000	98,000
Acquisition of assets held for sale	(89,882)	
Cash applied to investing transactions	210,118	98,000
FINANCING TRANSACTIONS		
Long-term debt repayment	(259,249)	(251,129)
Cash provided by (applied to) financing transactions	(259,249)	(251,129)
CHANGE IN CASH	478,221	245,339
CASH, BEGINNING OF YEAR	1,741,795	1,496,456
CASH, END OF YEAR	$ 2,220,016	$ 1,741,795

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies are as follows:

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

Reporting Entity

The consolidated financial statements consolidate the assets, liabilities, and flow of resources of the Town. The entity is comprised of all of the organizations that are owned or controlled by the Town and are, therefore, accountable to Council for the administration of their financial affairs and resources. Entities included in these financial statements are as follows:

Southey and District Recreation Board - 100% (2021 - 100%)

All inter-organizational transactions and balances have been eliminated.

Partnerships

A partnership represents a contractual arrangement between the Town and a party or parties outside the reporting entity. The partners have significant, clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the partnership. These financial statements contain the following partnerships:

Touchwood Hills Regional Landfill Inc. - 16% (2021 - 16%)

Collection of Funds for Other Authorities

Collection of funds by the Town for the school board, municipal hail, and conservation and development authorities are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in Note 2.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occurred, providing:

a) the transfers are authorized
b) any eligibility criteria have been met; and
c) reasonable estimates of the amounts can be made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Transfers (continued)

Unearned government transfer amounts received will be recorded as deferred revenue. Earned government transfer amounts not received will be recorded as an amount receivable.

Other (Non-Government Transfer) Contributions

Unrestricted contributions are recognized as revenue in the year received or in the year the funds are committed to the Village if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.

Deferred Revenue and Deposits

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.

Local Improvement Charges

Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.

Net Financial Assets

Net financial assets at the end of the accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.

Non-Financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Appropriated Reserves

Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 8.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Revenue

Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by Council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

Portfolio Investments

Portfolio investments are valued at the lower of cost and market value, less any provisions for other than temporary impairment. The portfolio investments in the Saskatchewan Rural Municipalities - Self-Insurance Fund are accounted for on the equity basis.

Inventories

Inventories of materials and supplies expected to be used by the Town are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is based on actual cost of inventory. Net realizable value is the estimated selling price in the ordinary course of business.

Tangible Capital Assets

All tangible capital asset acquisitions or betterment made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The costs of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The Town's tangible capital asset useful lives are estimated as follows:

Asset	Useful Life
General Assets	
Land	Indefinite
Land improvements	5 to 20 years
Buildings	10 to 50 years
Vehicles and equipment	
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Leased capital assets	Lease term
Infrastructure assets	30 to 75 years
Water & sewer	40 to 75 years
Road network assets	40 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Contributions

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

Works of Art and Other Unrecognized Assets

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

Capitalization of Interest

The Town does not capitalize interest incurred while a tangible capital asset is under construction.

Leases

All leases are recorded on the consolidated financial statement as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives (lease term). Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

Landfill Liability

The Town of Southey does not maintain a waste disposal site and utilizes the waste disposal site of Touchwood Hills Regional Landfill Inc. Touchwood Hills Regional Landfill Inc. is unable to estimate the closure and post-closure costs. No amount has been recorded as an asset or liability.

Trust Funds

Funds held in trust for others, under a trust agreement or statute, are not included in the Town's consolidated financial statements as they are not controlled by the Town.

Employee Benefit Plan

Contributions to the Town's defined benefit plans are expensed when contributions are made. Under the defined benefit multi-employer plan, the Town's obligations are limited to their contributions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

a) an environmental standard exists;
b) contamination exceeds the environmental standard;
c) The Town:
    i. is directly responsible; or
    ii. accepts responsibility;
d) it is expected that future economic benefits will be given up; and
e) a reasonable estimate of the amount can be made.

Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

The measurement of materials and supplies are based on estimates of volume and quality. The 'Opening Asset costs' of tangible capital assets have been estimated where actual costs were not available. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Basis of Segmentation/Segment Report

The Town has adopted the new Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly attributable to the costs of the function have been attributed to each segment. Interest is allocated to functions based on the purpose of specific borrowings.

The segments (functions) are as follows:

General government: Provides administration of the Town.

Protective services: Is comprised of expenses for police and fire protection.

Transportation services: Is responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Segmentation/Segment Report (Continued)

Environmental and public health: Environmental segment provides waste disposal and other environmental services and the public health segment provides for expenses related to public health services in the Town.

Planning and development: Provides for neighbourhood development and sustainability.

Recreation and culture: Provides for community services through provision of recreation and leisure services.

Utility: Provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

Budget Information

Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on May 10, 2022.

Assets Held for Sale

The Town is committed to selling the asset, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset, there is a plan in place for selling the asset and the sale is reasonably anticipated to be completed within one year of the financial statement date.

New Standards and Amendments to Standards

Effective for Fiscal Years Beginning On or After April 1, 2022:

PS 1201 Financial Statement Presentation, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Requires a new statement of re-measurement gains and losses separate from the statement of operations arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. Effective in the period PS 3450 and PS 2601 are adopted.

PS 2601 Foreign Currency Translation, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency. Requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the statement of re-measurement gains and losses.

PS 3041 Portfolio Investments, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of portfolio investments. Removes the distinction between temporary and portfolio investments. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments, will no longer apply. Effective in the period PS 3450, PS 2601, and PS 1201 are adopted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Standards and Amendments to Standards (Continued)

PS 3450 Financial Instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. This standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or a government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

Effective for Fiscal Years Beginning On or After April 1, 2023:

PS 3400 Revenue, a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring, and reporting revenues that arise from transactions that include the performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer.

The extent of the impact on adoption of these future standards is not known at this time.

2. TAXES AND GRANTS-IN-LIEU RECEIVABLE

			2022		2021
Municipal	- Current	$	**26,582**	$	24,844
	- Arrears		**14,317**		8,631
Total municipal taxes receivable			**40,899**		33,475
School	- Current		**10,563**		9,030
	- Arrears		**3,263**		2,402
Total school taxes receivable			**13,826**		11,432
Total taxes and grants-in-lieu receivable			**54,725**		44,907
Deduct taxes receivable to be collected on behalf of other organizations			**(13,826)**		(11,432)
Municipal and grants-in-lieu taxes receivable		$	**40,899**	$	33,475

3. AMOUNTS RECEIVABLE

Amounts receivable are valued at their net realized value.

		2022		2021
Utility	$	**61,288**	$	54,916
Federal government		**18,739**		19,015
Organizations and individuals		**7,075**		91,136
Accrued interest				2,926
		87,102		167,993
Less allowance for doubtful amounts				(3,000)
	$	**87,102**	$	164,993

4. ASSETS HELD FOR SALE

		2022		2021
Other Land	$	**118,794**	$	60,431

5. PORTFOLIO INVESTMENTS

		2022		2021
Portfolio investments	$		$	120,000

Portfolio investments represented an investment in a non-redeemable Guaranteed Investment Certificate (GIC) from the Royal Bank of Canada. The GIC earned interest at a rate of 2.50% and matured January 2022.

6. DEFERRED REVENUE

Deferred revenue represents a insurance proceeds and a land sale deposit. These amounts will be recognized when the land sale terms are met, and when the repairs are completed for the insurance claim.

		Insurance Proceeds	Land Sale Deposit	2022 Total		2021 Total
Balance, beginning of year	$		**3,000**	**3,000**	$	3,000
Amounts deferred during the year		**53,201**	**10,000**	**63,201**		3,000
Amounts recognized during the year						(3,000)
Balance, end of year	$	**53,201**	**13,000**	**66,201**	$	3,000

7. LONG-TERM DEBT

The debt limit of the Town is $1,092,159. The debt limit for a Town is the total amount of the Town's own source revenues for the preceding year (the *Municipalities Act* Section 161(1)).

		2022		2021
Loan payable to Royal Bank of Canada, interest at 3.74%, payable at $121,700 annually including interest, maturing 2027.	**$**	**545,768**	$	643,405
Loan payable to Royal Bank of Canada, interest at 4.26%, payable at $117,417 annually including interest, maturing 2023.		**164**		112,776
Loan payable to 101172130 Saskatchewan Ltd., interest-free, payable at $49,000 annually, maturing 2024.		**98,000**		147,000
	$	**643,932**	$	903,181

Future principal and interest payments are as follows:

		Principal		Interest		Total
2023	$	150,452	$	20,412	$	170,864
2024		154,077		16,623		170,700
2025		109,006		12,694		121,700
2026		113,083		8,617		121,700
2027		117,314		4,386		121,700
Balance	$	643,932	$	62,732	$	706,664

8. PENSION PLAN

The Town is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. The Commission of MEPP, representing plan member employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration benefits. The Town's pension expense in 2022 was $23,302 (2021 - $20,464). The benefits accrued to the Town's employees from MEPP are calculated using the following: Pensionable Years of Service, Highest Average Salary, and the plan accrual rate. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook Section PS 3250.

Total current service contributions by the Town to the MEPP in 2022 were $23,302 (2021 - $20,464). Total current service contributions by the employees of the Town to the MEPP in 2022 were $23,302 (2021 - $20,464).

At December 31, 2021, the MEPP disclosed an actuarial surplus of $312,928,000. As of the audit report date, the December 31, 2022 actuarial deficiency/surplus has not yet been released.

For further information of the amount of MEPP deficiency/surplus information see: https://mepp.peba.ca/fund-information/plan-reporting

TOWN OF SOUTHEY
SCHEDULE 1 - SCHEDULE OF TAXES AND OTHER UNCONDITIONAL REVENUES
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
TAXES			
General municipal tax levy	$ 740,000	$ 733,272	$ 740,109
Abatements and adjustments	(11,500)	(11,474)	(18,267)
Discount on current year taxes	(29,000)	(28,381)	(29,164)
Net Municipal Taxes	699,500	693,417	692,678
Penalties on tax arrears	5,650	4,382	5,651
Total Taxes	705,150	697,799	698,329
UNCONDITIONAL GRANTS			
Equalization (Revenue Sharing)	179,000	178,990	182,403
Total Unconditional Grants	179,000	178,990	182,403
GRANTS-IN-LIEU OF TAXES			
Federal	2,290	2,295	2,295
Provincial			
Sasktel	1,870	1,866	1,866
Department of Highways	8,380	13,200	8,375
Local/Other			
Housing Authority	8,000	7,386	9,090
Other Government Transfers			
S.P.C. Surcharge	43,000	45,337	43,363
Sask Energy Surcharge	18,350	22,553	18,352
Total Grants-in-Lieu of Taxes	81,890	92,637	83,341
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	$ 966,040	$ 969,426	$ 964,073

TOWN OF SOUTHEY
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	$ 1,000		$ 555
- Sale of supplies		3,254	352
- Other (tax certificates, general office services, pet licenses)	8,500	13,060	10,181
Total Fees and Charges	9,500	16,314	11,088
- Investment income and commissions	4,400	13,440	5,426
Total Other Segmented Revenue	13,900	29,754	16,514
Total Operating	13,900	29,754	16,514
Total General Government Services	13,900	29,754	16,514
PROTECTIVE SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Police fines	39,480	38,854	39,479
- Fire fees	25,000	20,796	34,481
Total Fees and Charges	64,480	59,650	73,960
- Fire donations			1,155
Total Other Segmented Revenue	64,480	59,650	75,115
Total Operating	64,480	59,650	75,115
Total Protective Services	64,480	59,650	75,115

TOWN OF SOUTHEY
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	$ 40,000	$ 52,203	$ 35,845
- Sales of supplies		4,903	24
Total Fees and Charges	40,000	57,106	35,869
- Tangible capital asset sales - gain/(loss)		719	28,139
Total Other Segmented Revenue	40,000	57,825	64,008
Conditional Grants			
- Student Employment	1,650	1,655	1,379
- Provincial Traffic Safety Fund	8,000		1,100
Total Conditional Grants	9,650	1,655	2,479
Total Operating	49,650	59,480	66,487
Capital			
Conditional Grants			
- Municipal Economic Enhancement Program			75,827
Total Capital			75,827
Total Transportation Services	49,650	59,480	142,314

TOWN OF SOUTHEY
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and disposal fees	$ 42,000	$ 41,693	$ 41,912
- Cemetery fees and building rentals	12,000	11,200	12,000
- Touchwood Hills Regional Landfill Inc.		30,935	28,467
Total Fees and Charges	54,000	83,828	82,379
- Tangible capital asset sales - gain/(loss)			(102)
- Donations		5,000	500
- Touchwood Hills Regional Landfill Inc.		911	231
Total Other Segmented Revenue	54,000	89,739	83,008
Conditional Grants			
- Touchwood Hills Regional Landfill Inc.		25,752	57,816
- Multi-Material Stewardship Western		13,513	9,693
Total Conditional Grants		39,265	67,509
Total Operating	54,000	129,004	150,517
Total Environmental and Public Health Services	54,000	129,004	150,517
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Permits and licenses		5,709	7,590
Total Fees and Charges		5,709	7,590
- Land sales - gain/(loss)	150,000	148,481	95,938
Total Other Segmented Revenue	150,000	154,190	103,528
Total Operating	150,000	154,190	103,528
Total Planning and Development Services	150,000	154,190	103,528

TOWN OF SOUTHEY
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
RECREATION AND CULTURAL SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Community hall fees	$ 4,500	$ 5,665	$ 4,525
Total Fees and Charges	4,500	5,665	4,525
- Southey and District Recreation Board	100	21,148	22,776
Total Other Segmented Revenue	4,600	26,813	27,301
Conditional Grants			
- Community Rink Affordability			5,000
Total Conditional Grants			5,000
Total Operating	4,600	26,813	32,301
Total Recreation and Cultural Services	4,600	26,813	32,301
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	110,000	106,549	110,121
- Sewer	51,000	51,143	51,218
- Infrastructure	44,000	43,883	44,117
Total Fees and Charges	205,000	201,575	205,456
- Insurance Proceeds		16,638	
Total Other Segmented Revenue	205,000	218,213	205,456
Total Operating	205,000	218,213	205,456
Capital			
Conditional Grants			
- Canada Community Building Fund (CCBF)	97,970	24,844	97,967
Total Capital	97,970	24,844	97,967
Total Utility Services	302,970	243,057	303,423
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	$ 639,600	$ 701,948	$ 823,712

TOWN OF SOUTHEY
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
for the year ended December 31, 2022

		2022 Budget Unaudited (Note 1)		2022 Actual		2021 Actual
SUMMARY						
Total Other Segmented Revenue	$	531,980	$	636,184	$	574,930
Total Conditional Grants		9,650		40,920		74,988
Total Capital Grants and Contributions		97,970		24,844		173,794
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	$	639,600	$	701,948	$	823,712

TOWN OF SOUTHEY
SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	$ 23,760	$ 20,245	$ 20,193
Wages and benefits	121,600	144,415	122,066
Professional/Contractual services	57,450	59,783	40,812
Utilities	13,200	12,894	12,958
Maintenance, materials, and supplies	42,550	39,913	24,424
Amortization	2,654	2,654	1,656
Allowance for uncollectibles			3,333
Total General Government Services	261,214	279,904	225,442
PROTECTIVE SERVICES			
Police protection			
Professional/Contractual services	111,000	91,968	70,484
Maintenance, materials, and supplies	2,500	1,569	2,420
Fire protection			
Wages and benefits	1,000	1,000	1,000
Professional/Contractual services	37,900	15,466	7,819
Utilities	5,500	3,418	1,658
Maintenance, materials, and supplies	20,100	11,981	18,669
Grants and contributions - Operating			1,055
Amortization	20,765	20,765	20,765
Total Protective Services	198,765	146,167	123,870
TRANSPORTATION SERVICES			
Wages and benefits	108,120	85,320	89,959
Professional/Contractual services	57,870	27,970	14,124
Utilities	18,400	19,988	18,596
Maintenance, materials, and supplies	83,510	66,293	71,011
Gravel	5,500	8,682	729
Amortization	142,730	142,730	122,515
Total Transportation Services	416,130	350,983	316,934

TOWN OF SOUTHEY
SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION
for the year ended December 31, 2022

	2022 Budget Unaudited (Note 1)	2022 Actual	2021 Actual
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	$ 1,270	$ 41,753	$ 41,032
Professional/Contractual services	11,120	33,649	24,778
Utilities	11,220	11,162	11,039
Maintenance, materials, and supplies	19,200	23,721	35,862
Grants and contributions			
- Operating			
• Waste disposal	31,240	29,988	24,988
• Public Health	1,000		
Amortization	64,342	64,342	65,073
Interest		7	7
Touchwood Hills Regional Landfill Inc.		234	38,206
Total Environmental and Public Health Services	139,392	204,856	240,985
PLANNING AND DEVELOPMENT SERVICES			
Professional/Contractual services	800	3,140	6,491
Interest on long-term debt	12,200	22,853	26,418
Total Planning and Development Services	13,000	25,993	32,909
RECREATION AND CULTURAL SERVICES			
Professional/Contractual services	2,350	3,729	2,163
Utilities	10,350	11,468	9,568
Maintenance, materials, and supplies	21,200	27,342	13,835
Grants and contributions			
- Operating	12,820	18,137	30,740
Amortization	52,509	52,509	52,509
Southey and District Recreation Board		13,002	10,714
Total Recreation and Cultural Services	99,229	126,187	119,529
UTILITY SERVICES			
Wages and benefits	77,500	81,045	61,949
Professional/Contractual services	30,950	12,250	32,169
Utilities	27,880	31,564	27,398
Maintenance, materials, and supplies	122,980	121,569	96,604
Amortization	91,716	91,716	88,822
Interest on long-term debt	18,500	3,569	8,221
Total Utility Services	369,526	341,713	315,163
TOTAL EXPENSES BY FUNCTION	$ 1,497,256	$ 1,475,803	$ 1,374,832

TOWN OF SOUTHEY
SCHEDULE 4 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION
for the year ended December 31, 2022

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	$ 16,314	$ 59,650	$ 57,106	$ 83,828	$ 5,709	$ 5,665	$ 201,575	$ 429,847
Tangible Capital Asset Sale - Gain (Loss)			719					719
Land Sales - Gain (Loss)					148,481			148,481
Investment Income & Commissions	13,440							13,440
Other Revenues				5,911		21,148	16,638	43,697
Grants - Conditional			1,655	39,265				40,920
- Capital							24,844	24,844
Total revenues	29,754	59,650	59,480	129,004	154,190	26,813	243,057	701,948
Expenses (Schedule 3)								
Wages & Benefits	164,660	1,000	85,320	41,753			81,045	373,778
Professional/Contractual Services	59,783	107,434	27,970	33,649	3,140	3,729	12,250	247,955
Utilities	12,894	3,418	19,988	11,162		11,468	31,564	90,494
Maintenance, Materials, Supplies	39,913	13,550	74,975	23,721		27,342	121,569	301,070
Grants and Contributions				29,988		18,137		48,125
Amortization	2,654	20,765	142,730	64,342		52,509	91,716	374,716
Interest				7	22,853		3,569	26,429
Allowance for Uncollectibles								
Other				234		13,002		13,236
Total expenses	279,904	146,167	350,983	204,856	25,993	126,187	341,713	1,475,803
Surplus (Deficit) by Function	(250,150)	(86,517)	(291,503)	(75,852)	128,197	(99,374)	(98,656)	(773,855)
Taxation and other unconditional revenue (Schedule 1)								969,426
Net Surplus								$ 195,571

TOWN OF SOUTHEY
SCHEDULE 5 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION
For the year ended December 31, 2021

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	$ 11,088	$ 73,960	$ 35,869	$ 82,379	$ 7,590	$ 4,525	$ 205,456	$ 420,867
Tangible Capital Asset Sale - Gain (Loss)			28,139	(102)				28,037
Land Sales - Gain (Loss)					95,938			95,938
Investment Income & Commissions	5,426							5,426
Other Revenues		1,155		731		22,776		24,662
Grants - Conditional			2,479	67,509		5,000		74,988
- Capital			75,827				97,967	173,794
Total revenues	16,514	75,115	142,314	150,517	103,528	32,301	303,423	823,712
Expenses (Schedule 3)								
Wages & Benefits	142,259	1,000	89,959	41,032			61,949	336,199
Professional/Contractual Services	40,812	78,303	14,124	24,778	6,491	2,163	32,169	198,840
Utilities	12,958	1,658	18,596	11,039		9,568	27,398	81,217
Maintenance, Materials, Supplies	24,424	21,089	71,740	35,862		13,835	96,604	263,554
Grants and Contributions		1,055		24,988		30,740		56,783
Amortization	1,656	20,765	122,515	65,073		52,509	88,822	351,340
Interest				7	26,418		8,221	34,646
Allowance for Uncollectibles	3,333							3,333
Other				38,206		10,714		48,920
Total expenses	225,442	123,870	316,934	240,985	32,909	119,529	315,163	1,374,832
Surplus (Deficit) by Function	(208,928)	(48,755)	(174,620)	(90,468)	70,619	(87,228)	(11,740)	(551,120)
Taxation and other unconditional revenue (Schedule 1)								964,073
Net Surplus								$ 412,953

TOWN OF SOUTHEY
SCHEDULE 6 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY OBJECT
for the year ended December 31, 2022

	General Assets					Infrastructure Assets	General/ Infrastructure	Totals	
Cost	**Land**	**Land Improvements**	**Buildings**	**Vehicles**	**Machinery & Equipment**	**Linear Assets**	**Assets Under Construction**	**2022**	2021
Opening costs	$ 643,900	473,681	4,775,535	112,782	1,336,047	11,073,920	266,819	$ 18,682,684	$ 18,616,916
Additions during the year	1,357				20,630	79,744		101,731	230,965
Disposals and write downs	(89,882)				(2,363)			(92,245)	(165,197)
Transfers from assets under construction	3,055						(3,055)		
Closing costs	558,430	473,681	4,775,535	112,782	1,354,314	11,153,664	263,764	18,692,170	18,682,684
Accumulated Amortization									
Opening accumulated amortization		208,560	2,820,714	57,773	715,003	4,816,615		8,618,665	8,356,144
Amortization		14,725	99,736	8,573	85,006	166,676		374,716	351,340
Disposals and write downs					(1,182)			(1,182)	(88,819)
Closing accumulated amortization		223,285	2,920,450	66,346	798,827	4,983,291		8,992,199	8,618,665
Net Book Value	$ 558,430	250,396	1,855,085	46,436	555,487	6,170,373	263,764	$ 9,699,971	$ 10,064,019

TOWN OF SOUTHEY
SCHEDULE 7 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY FUNCTION
for the year ended December 31, 2022

Cost	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Totals 2022	Totals 2021
Opening costs	$ 1,625,771	997,141	5,716,212	1,524,568		2,167,706	6,651,286	$ 18,682,684	$ 18,616,916
Additions during the year	7,599		14,389				79,743	101,731	230,965
Disposals and write downs	(89,882)		(2,363)					(92,245)	(165,197)
Closing costs	1,543,488	997,141	5,728,238	1,524,568		2,167,706	6,731,029	18,692,170	18,682,684
Accumulated Amortization									
Opening accumulated amortization	966,885	593,508	2,642,147	196,766		1,465,831	2,753,528	8,618,665	8,356,144
Amortization	2,659	20,765	142,726	64,342		52,509	91,715	374,716	351,340
Disposals and write downs			(1,182)					(1,182)	(88,819)
Closing accumulated amortization	969,544	614,273	2,783,691	261,108		1,518,340	2,845,243	8,992,199	8,618,665
Net Book Value	$ 573,944	382,868	2,944,547	1,263,460		649,366	3,885,786	$ 9,699,971	$ 10,064,019

TOWN OF SOUTHEY
SCHEDULE 8 - SCHEDULE OF ACCUMULATED SURPLUS
for the year ended December 31, 2022

	2021	Changes	2022
UNAPPROPRIATED SURPLUS	$ 890,302	$ 186,170	**$ 1,076,472**
APPROPRIATED RESERVES			
Fire Equipment Replacement Reserve	809	10,009	**10,818**
Health Centre Reserve	82,000	795	**82,795**
Splash Park Reserve		2,000	**2,000**
Equipment Reserve	8,091	55,089	**63,180**
Subdivision Reserve	237,639	12,614	**250,253**
Infrastructure Reserve	783,881	28,623	**812,504**
Museum and Cemetery Reserve	6,330	5,070	**11,400**
Total appropriated	1,118,750	114,200	**1,232,950**
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6)	10,064,019	(364,048)	**9,699,971**
Less: Related debt	(903,181)	259,249	**(643,932)**
Net Investment in Tangible capital assets	9,160,838	(104,799)	**9,056,039**
TOTAL ACCUMULATED SURPLUS	$ 11,169,890	$ 195,571	**$ 11,365,461**

TOWN OF SOUTHEY
SCHEDULE 9 - SCHEDULE OF MILL RATES AND ASSESSMENTS
for the year ended December 31, 2022

	PROPERTY CLASS						
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	Total
Taxable assessment	93,610	57,552,480			10,055,755		67,701,845
Regional Park Assessment							
Total Assessment							67,701,845
Mill Rate Factor(s)	1.00	1.00			3.75		
Total Base/Minimum Tax	1,080	290,590			41,110		332,780
Total Municipal Tax Levy	1,473	532,311			199,488		733,272

MILL RATES:	MILLS
Average Municipal	10.8309
Average School	4.8803
Potash Mill Rate	
Uniform Municipal Mill Rate	4.2000

TOWN OF SOUTHEY
SCHEDULE 10 - SCHEDULE OF COUNCIL REMUNERATION
for the year ended December 31, 2022

	Remuneration	Reimbursed Costs	Total
Mayor - Leigh Bishop	$ 2,890	$	$ 2,890
Councilor - Ralph Boehmer	2,450		2,450
Councilor - Jordan Hegglin	2,425		2,425
Councilor - Susan Hillier	2,350		2,350
Councilor - Gordon Baragar	2,150		2,150
Councilor - Devon Orb	2,100		2,100
Councilor - Rob Dukes	1,550		1,550
	$ 15,915	$	$ 15,915