



# THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE REPORT

**Subject:** 2022 Consolidated Financial Statements

**Director:** Corporate Services

**Manager:** Financial Services

**Report Number:** Financial Services-2023-19

**Meeting Date:** Monday, June 5, 2023

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## **Recommendation:**

THAT Council approve the draft 2022 Consolidated Financial Statements as presented.

**Date to be considered by Council:** Monday, June 5, 2023

## **Report Summary:**

The Municipal Act, 2001 requires that every municipality prepare annual audited financial statements. Kincardine's 2022 financial statement audit has been completed by KPMG. Audit fieldwork was primarily conducted in March 2023 with the financial statement preparation and consolidation performed thereafter. Finance staff ensured all deliverables and timelines were achieved as planned. The 2022 draft consolidated financial statements are attached and require Council approval in order to proceed in preparing the final document. Once finalized, the financial statements will be posted on the municipal website and will be made available to the public by hardcopy upon request and at no cost.

**Origin:** Municipal Act, 2001

**Existing Policy:** Public Sector Accounting Standards

**Background/Analysis:** The Municipality of Kincardine's 2022 consolidated financial statements have been audited by KPMG LLP and are to be finalized upon Council's acceptance of the draft statements. The financial statements are consolidated with Saugeen Mobility and Regional Transit (SMART) and Bruce Area Solid Waste Recycling (BASWR) on a proportionate basis. Bruce Telecom Holdings Inc. is recorded as an equity investment, and Westario Power Inc. is recorded as a long-term investment.

In 2022, the Municipality had an operating surplus of \$677,006 (unconsolidated), compared to a surplus of \$1,326,055 in 2021. The operating surplus was predominantly due to several factors including:

**Revenue:** Bank interest earned in the operating bank account exceeded budget by \$207K, as the interest rate climbed from 0.95% in January to 4.84% in December 2022. The remaining Covid-19 grant funding on hand of \$116K was also recorded in 2022 as the pandemic gradually came to an end and would no longer be required in 2023. Supplemental tax billings also exceeded estimates by \$85K.

**Expenses:** Wages and benefits were lower than budget by \$126K (1%) due to vacancies in several key positions including the CAO and Parks & Facilities Manager. Travel, training and conference expenses were also below budget by \$132K (40%).

A detailed variance analysis has been provided as an attachment to this report, both with budget-to-actuals, and 2022 actuals compared to prior year. As per the Reserve & Reserve Fund Policy GG.2.21, the annual operating surplus will be transferred to the Capital/Contingency reserve for future contingencies.

KPMG's lead audit engagement partner, Matthew Betik, will be presenting the Audit Findings Report to Council.

### **Integrated Strategy 2020 - 2025**

**Financial Implications:** As contained within this report.

**Attachments:** KPMG 2022 Audit Findings Report; 2022 Draft Consolidated Financial Statements; 2021 Draft BIA Financial Statements; 2022 Variance Analysis

**Prepared by:** Roxana Baumann

**Submitted by:** Roxana Baumann