



Consolidated Financial Statements

The Corporation of the Town of Marathon

December 31, 2021

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 20
Schedule 1 - Consolidated Schedule of Accumulated Surplus	21
Schedule 2 - Consolidated Schedule of Tangible Capital Assets	22
Schedule 3 - Consolidated Schedule of Segment Disclosure	23 - 24
Consolidated Local Boards	
Public Library Board	
Independent Auditor's Report	25 - 26
Statement of Financial Position	27
Statement of Operations and Accumulated Surplus	28
Statement of Change in Net Financial Assets	29
Statement of Cash Flows	30
Notes to the Financial Statements	31 - 36
Trust Funds	
Independent Auditor's Report	37 - 38
Statement of Financial Position	39
Statement of Operations and Accumulated Surplus	40
Statement of Cash Flows	41
Notes to the Financial Statements	42

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Marathon

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Marathon (“the Town”), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Marathon as at December 31, 2021, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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 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 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'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 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada
July 18, 2022

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Town of Marathon Consolidated Statement of Financial Position

As at December 31	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 3]</i>	3,879,227	4,742,837
Investments <i>[note 4]</i>	7,266,467	5,588,787
Taxes receivable <i>[note 5]</i>	355,420	556,729
User charges receivable	42,167	70,710
Accounts receivable	400,067	1,272,075
Total financial assets	11,943,348	12,231,138
LIABILITIES		
Accounts payable and accrued liabilities	1,072,573	983,933
Deferred revenue <i>[note 7]</i>	1,376,066	840,632
Debt <i>[note 8]</i>	1,298,711	1,423,895
Landfill closure and post-closure liability <i>[note 9]</i>	1,069,936	680,620
Total liabilities	4,817,286	3,929,080
NET FINANCIAL ASSETS	7,126,062	8,302,058
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[schedule 2]</i>	36,016,560	35,890,252
Prepaid expenses	21,072	27,717
	36,037,632	35,917,969
Accumulated surplus <i>[schedule 1]</i>	43,163,694	44,220,027

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31	2021	2021	2020
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 14]</i>		
REVENUES [schedule 3]			
Taxation	5,228,945	5,354,568	5,165,408
User charges			
Water and sewer	1,255,629	1,262,088	1,224,711
Other fees and service charges	1,581,411	1,749,564	1,484,558
	2,837,040	3,011,652	2,709,269
Government transfers			
Government of Canada	18,500	82,761	225,043
Province of Ontario	3,874,015	2,165,116	2,929,543
	3,892,515	2,247,877	3,154,586
Other			
Investment income	183,645	161,627	183,710
Penalties and interest on taxes	76,000	62,539	87,372
Gain (loss) on disposal of tangible capital assets	115,000	(501,181)	(39,861)
Sundry	228,750	222,041	1,006,257
	603,395	(54,974)	1,237,478
Total revenues	12,561,895	10,559,123	12,266,741
EXPENSES [schedule 3]			
General government	3,835,956	2,490,011	2,483,104
Protection to persons and property	1,503,258	1,426,580	1,679,226
Transportation services	2,314,227	2,273,566	2,783,107
Environmental services	2,494,328	2,455,429	2,044,632
Health services	395,718	356,736	340,449
Social and family services	193,300	193,304	186,366
Recreation and cultural services	2,177,596	2,226,028	1,972,454
Planning and development	251,804	193,802	283,517
	13,166,187	11,615,456	11,772,855
NET REVENUES (DEBT)	(604,292)	(1,056,333)	493,886
Annual surplus (deficit)	(604,292)	(1,056,333)	493,886
Accumulated surplus, beginning of year	44,220,027	44,220,027	43,726,141
Accumulated surplus, end of year	43,615,735	43,163,694	44,220,027

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon Consolidated Statement of Change in Net Financial Assets

Year ended December 31	2021	2021	2020
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 14]</i>		
Annual surplus (deficit)	(604,292)	(1,056,333)	493,886
Acquisition of tangible capital assets	(3,412,000)	(2,482,426)	(803,062)
Amortization of tangible capital assets	1,715,937	1,715,937	1,689,209
Proceeds on disposal of tangible capital assets	5,000	39,000	10,001
Gain on disposal of tangible capital assets	-	601,181	84,861
Acquisition of prepaid expenses	-	(21,072)	(27,717)
Use of prepaid expenses	-	27,717	20,761
Increase in net financial assets (debt)	(2,295,355)	(1,175,996)	1,467,939
Net financial assets, beginning of year	8,302,058	8,302,058	6,834,119
Net financial assets, end of year	6,006,703	7,126,062	8,302,058

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon

Consolidated Statement of Cash Flows

Year ended December 31	2021	2020
	\$	\$
OPERATIONS		
Annual surplus (deficit)	(1,056,333)	493,886
Non-cash charges		
Amortization of tangible capital assets	1,715,937	1,689,209
Gain on disposal of tangible capital assets	601,181	84,861
Increase in landfill closure and post-closure liability	389,316	146,759
	1,650,101	2,414,715
Net change in non-cash working capital balances		
Decrease (increase) in taxes receivable	201,308	(35,837)
Decrease (increase) in user charges receivable	28,544	(9,488)
Increase in accounts receivable	872,008	62,509
Increase (decrease) in accounts payable and accrued liabilities	88,640	(53,150)
Increase in deferred revenue	535,434	223,412
Decrease (increase) in prepaid expenses	6,645	(6,956)
Cash provided by operating transactions	3,382,680	2,595,205
CAPITAL		
Acquisition of tangible capital assets	(2,482,426)	(803,062)
Proceeds on disposal of tangible capital assets	39,000	10,001
Cash used in capital transactions	(2,443,426)	(793,061)
INVESTING		
Acquisition of investments, net	(1,677,680)	(1,103,848)
Cash used in investing transactions	(1,677,680)	(1,103,848)
FINANCING		
Repayment of long-term debt	(125,184)	(121,739)
Cash used in financing transactions	(125,184)	(121,739)
Increase (decrease) in cash and cash equivalents	(863,610)	576,557
Opening cash and cash equivalents	4,742,837	4,166,280
Closing cash and cash equivalents	3,879,227	4,742,837

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

GENERAL

The Corporation of the Town of Marathon is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The Corporation of the Town of Marathon ("Town") are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

These consolidated financial statements reflect the financial assets, liabilities, revenues and expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town. Accordingly, the following are consolidated in these financial statements.

Marathon Centennial Public Library Board
Marathon Economic Development Corporation

All interfund balances and transactions have been eliminated.

Local boards

The financial activities of certain entities associated with the Town are not consolidated. The Town's contributions to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

Trust funds

Certain assets have been conveyed or assigned to the Town to be administered as directed by agreement or statute. The Town holds the assets for the benefit of and stand in fiduciary relationships to the beneficiaries, as a result, the trust funds and assets are excluded from these financial statements.

Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards, are not reflected in these financial statements.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

[b] Basis of accounting

Accrual accounting

The Town uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. The Town recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks and credit unions.

Employee benefits

The Town accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

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 annual surplus, provides the change in net financial assets for the year.

[a] Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Cost 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:

Buildings	20 to 60 years
Land improvements	20 to 40 years
Machinery and equipment	10 to 30 years
Other	5 to 20 years
Transportation - roads and other structures	20 to 80 years
Underground and other networks	30 to 60 years
Vehicles	10 to 20 years

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

Amortization charged in the year of acquisition and in the year of disposal is based on the number of months the asset is in use in that year. Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[b] 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.

[c] Tangible capital assets recognized at nominal value

Assets for which there is a difficulty of determining a tenable valuation are assigned a nominal value of one dollar.

[d] Capitalization of interest

The Town has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use, per PS 3150.17.

[e] Leases

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

Taxation revenue

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and the taxable event occurs, which for property taxes is the period for which the tax is levied.

At each financial statement date, management evaluates the extent to which the taxes receivable are ultimately collectible and valuation allowances are used to reflect tax receivables at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

Reserves and reserve funds

Council segregates its accumulated surplus into various categories including reserve and reserve funds which are specifically for future operating and capital purposes.

Revenue recognition

User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as a revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Town are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

The Town receives Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

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 expenses during the reporting period. These estimates and assumptions are based on management's historical experiences, best knowledge of current events and actions that the Town may undertake in the future. Significant accounting estimates include valuation allowance for accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

Landfill closure and post-closure liability

The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expenses as the landfill site's capacity is used.

2. CEMETERY CARE AND MAINTENANCE TRUST FUND

The only trust fund currently administered by the Town is the Cemetery Care and Maintenance Trust Fund. This trust fund which amounts to \$71,240 [2020 - \$68,040] has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. CASH AND CASH EQUIVALENTS

The Town has available a line of credit of \$1,500,000 [2020 - \$1,500,000] for which the Town has provided a general security agreement of which \$nil [2020 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime less 0.75%.

4. INVESTMENTS

Investments consist of Guaranteed Investment Certificates of \$5,740,088 [2020 - \$4,129,587] maturing dates ranging from May 2022 to August 2023 yielding interest rates of 1.15% to 1.9% [2020 - 1.6% to 2.55%]. Investments in Bond and Equity Funds of \$1,526,379 [2020 - \$1,459,200] are held and administered by the One Investment Program.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

5. TAXES RECEIVABLE

	2021 \$	2020 \$
Property and business taxes receivable	845,420	1,037,729
Allowance for property and business tax arrears	(490,000)	(481,000)
	355,420	556,729

6. PENSION AGREEMENTS

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2021 was \$257,211 [2020 - \$247,388] for current service.

7. DEFERRED REVENUE

	2021 \$	2020 \$
Unearned Gas Tax proceeds	408,297	100
Province of Ontario	380,404	398,135
Ontario Community Infrastructure Fund	390,055	194,479
Other	197,310	247,918
	1,376,066	840,632

The continuity of deferred revenue is as follows:

	2021 \$	2020 \$
Balance, beginning of year	840,632	617,220
Gas Tax grant funding proceeds received	408,197	199,100
Gas Tax funding utilized	-	(200,000)
Conditional grant and other revenue received	238,076	404,480
Conditional grant and other revenue utilized	(110,839)	(180,168)
Balance, end of year	1,376,066	840,632

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

8. DEBT

[a] The balance of debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2021	2020
	\$	\$
Ontario Infrastructure and Lands Corporation		
Debtenture loan repayable in semi-annual payments of \$82,161 including interest at 2.81% maturing October 2030.	1,298,711	1,423,895
Long-term portion	1,298,711	1,423,895

[b] Principal due on debt over the next five years and thereafter, assuming the loan is refinanced under similar terms, is as follows:

	\$
2022	128,727
2023	132,369
2024	136,115
2025	139,967
2026	143,927
Thereafter	617,606
	1,298,711

[c] The debenture in [a] issued in the name of the Town has been approved by By-law #1889. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

[d] Total interest charges for debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$38,238 [2020 - \$41,733].

9. LANDFILL CLOSURE AND POST-CLOSURE

Legislation requires closure and post-closure care of solid waste and landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

The Town owns and operates one landfill site and one closed landfill site. The active landfill site was opened in July 2015 covering 16.1 acres with a capacity of 844,395 tonnes. As at December 31, 2021, the remaining capacity of the site is estimated at 576,135 tonnes representing 68.2% of the total capacity. The open site is expected to close when it reaches its capacity in 2141.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

The closure and post-closure costs for the open landfill site, and the post-closure costs for the closed site, are based upon best estimates by management. Post-closure care for the open landfill site is estimated to be required for 20 years from the date of closure. Post-closure care for the closed landfill site is estimated to be required until 2036.

The liability of \$1,069,936 [2020 - \$680,620] for closure and post-closure costs of the active site and the post-closure of the closed site, has been reported on the Consolidated Statement of Financial Position.

	2021	2020
	\$	\$
[a] OPERATING LANDFILL SITE (CAMP 19)		
Expected year capacity will be reached	2141	2141
Estimated closure and post-closure costs over the next 119 years [2020 - 120 years]	53,557,707	26,078,568
Discount rate	2.81 %	2.81 %
Inflation rate	3.00 %	2.00 %
Discounted cost	1,819,791	475,062
Capacity (tonnes):		
Used to date	268,260	261,051
Remaining	576,135	583,344
Total	844,395	844,395
Percent utilized	31.77 %	30.92 %
Liability based on the percentage utilized	578,138	256,748
[b] CLOSED LANDFILL SITE (PENN LAKE ROAD)		
Estimated post-closure costs over the next 14 years [2020 - 15 years]	500,130	500,130
Discount rate	2.81 %	2.81 %
Liability based on discounted cost	491,798	423,872
Inflation rate	3.00 %	2.00 %
TOTAL LANDFILL CLOSURE & POST-CLOSURE LIABILITY	1,069,936	680,620

The liability recognized in the financial statements is subject to measurement uncertainty. The recognized amounts are based on the Town's best information and judgement. The amount could change by more than a material amount in the long-term.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

10. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Town by major asset class, as well as accumulated amortization of the assets controlled.

There were \$nil in write-downs of assets in 2021 [2020 - \$nil].

Interest capitalized during 2021 was \$nil [2020 - \$nil].

There were no contributed tangible capital assets in 2021 [2020 - \$nil].

There were no assets recorded at a nominal value in 2021 [2020 - \$nil].

11. SEGMENTED INFORMATION

The Town of Marathon is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, ambulance and water. For management reporting purposes the Town's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

General government services are comprised of various administrative services, including the Finance Department, Corporate Services Departments, and Mayor and Council.

Protection to persons and property

Protection to persons and property is comprised of police services, fire services and protective inspection and control. The police services are contracted from the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and bylaws for the protection of occupants.

Transportation services

Transportation services include roadways, winter control, parking, street lighting and airport. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, culverts and sidewalks. Winter control includes snowplowing, sanding and salting, snow removal and flood control. Street lighting plans, develops and maintains the street lighting system.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

Environmental services

Environmental services consist of waterworks, sanitary sewer, waste collection and disposal and recycling. Waterworks provides drinking water to the citizens of Marathon. Sanitary sewer collects and treats wastewater. Waste collection and disposal and recycling includes the collection of solid waste, landfill site operations and waste minimization programs.

Health services

Health services includes public health services, ambulance and support to the Marathon Seniors Supportive Housing Corporation. Public health services represents the Town of Marathon's contribution to the activities of the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health.

Social and family services

Social and family services represents the Town of Marathon's contribution to the activities of The District of Thunder Bay Social Services Administration Board (TBDSSAB) and the local food bank. TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

Recreation and cultural services

Recreation and cultural services include parks, recreation programs and facilities, public library and contributions to cultural organizations. The community services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities and the maintenance of parks and open spaces. The public library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The Town makes contributions to various cultural organizations under specific funding programs.

Planning and development

The planning and development department manages urban development for business interest, environmental concerns, heritage matters and local neighbourhoods through city planning and community development and approval of all land development plans.

For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 3).

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

12. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds, which make up a part of accumulated surplus noted in Schedule 1, is as follows:

	2021 \$	2020 \$
RESERVES		
Balance, beginning of year	5,166,860	4,473,488
Increases		
Contributions to reserves	13,168	875,883
Decreases		
Contribution to operations	1,118,389	182,511
Balance of Reserves, end of year	4,061,639	5,166,860
RESERVE FUNDS		
Balance, beginning of year	4,234,024	3,498,498
Increases		
Contributions to reserve funds	541,979	660,981
Interest earned	69,065	74,545
	611,044	735,526
Decreases		
Contributions to operations	566,243	-
Balance of Reserve Funds, end of year	4,278,825	4,234,024

Subsequent to year-end, the general fund surplus has been reduced by an amount of \$151,975 transferred to the reserve for working capital as authorized by resolution on June 27, 2022. Had the reduction not been made, the balance of the general fund surplus would have been \$1,175,317.

13. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$4,278,839 [2020 - \$4,234,024] to support reserve funds.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

14. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
Revenues			
Taxation	5,228,945	-	5,228,945
User charges	2,837,040	-	2,837,040
Government transfers	3,892,515	-	3,892,515
Other	598,395	-	598,395
	12,556,895	-	12,556,895
Sale of tangible capital assets	5,000	-	5,000
Expenses			
General government	3,810,695	25,261	3,835,956
Protection to persons and property	1,429,034	74,224	1,503,258
Transportation services	1,523,530	790,697	2,314,227
Environmental services	1,606,201	888,127	2,494,328
Health services	361,731	33,987	395,718
Social and family services	193,300	-	193,300
Recreation and cultural services	1,904,275	273,321	2,177,596
Planning and development	232,168	19,636	251,804
	11,060,934	2,105,253	13,166,187
Subtotal	1,500,961	(2,105,253)	(604,292)*
			<i>* Annual Surplus</i>
Transfer to Reserves	(184,777)	-	
Use of reserves	2,221,000	-	
Capital items	(3,412,000)	-	
Debt repayments	(125,184)	-	
Amortization	-	1,715,937	
Landfill	-	389,316	
Net surplus	-	-	

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

15. COMMITMENTS

The Town has certain multi-year service agreements and equipment operating leases. The future minimum annual payments over the next four years is as follows:

	\$
2022	416,676
2023	407,302
2024	396,370
2025	32,663
	<u>1,253,011</u>

The most significant commitment is the contract with Northern Waterwork Inc. to operate the municipality's water and wastewater facilities up to January 31, 2025.

16. RELATED PARTY TRANSACTIONS

The Town provides administrative services as well as water and labour services to Marathon Seniors Supportive Housing Corporation (MSSHC), a corporation with board members who are of the Town council. There have been no costs incurred for administrative services by the Corporation as at year-end.

	2021 \$	2020 \$
Payments from MSSHC	22,719	23,352
Less: Town donation [excluding insurance]*	(20,919)	(21,500)
	<u>1,800</u>	<u>1,852</u>

*Insurance premiums paid by Town were \$37,605 (2020 - \$nil).

As at the year-end, the balance due from related party is as follows:

	2021 \$	2020 \$
Due from Marathon Seniors Supportive Housing Corporation	-	9,623

The above balance has no specific terms of repayment and is non-interest bearing.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2021

17. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

To date, Municipality has taken the following actions in response to the pandemic:

- [a] The Municipality's recreational facilities and parks were closed various times during 2021. Facilities were opened early in 2022. The Municipality does not foresee any additional costs or savings in respect to facility closures.
- [b] Some of the planned capital projects were deferred to the next fiscal period.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.

The Corporation of the Town of Marathon Schedule 1 Consolidated Schedule of Accumulated Surplus

Year ended December 31	2021	2020
	\$	\$
Surplus		
General Fund*	1,023,342	1,033,406
Investments in tangible capital assets	36,016,560	35,890,252
Unfunded		
Debt	(1,298,711)	(1,423,895)
Landfill closure and post-closure liability	(1,069,936)	(680,620)
Total surplus	34,671,255	34,819,143
Reserves set aside for specific purposes by Council		
For acquisition of capital assets	1,236,051	2,214,772
For contingency	250,000	250,000
For working capital	2,727,563	2,702,088
Total reserves	4,213,614	5,166,860
Reserve funds set aside for specific purposes by Council		
For acquisition of capital assets	118,872	628,277
For water and sewer operations	4,159,953	3,605,747
Total reserve funds	4,278,825	4,234,024
Accumulated surplus	43,163,694	44,220,027
*General Fund consists of:		
Unexpended capital financing	983,706	1,010,740
Library	39,636	22,666
	1,023,342	1,033,406

The Corporation of the Town of Marathon
Consolidated Schedule of Tangible Capital Assets

Schedule 2

Year ended December 31, 2021

	General						Infrastructure			Totals	
	Land \$	Land Improvements \$	Buildings \$	Vehicles \$	Machinery and Equipment \$	Other \$	Roads and Other Structures \$	Underground and Other Networks \$	Assets Under Construction \$	2021 \$	2020 \$
COST											
Balance, beginning of year	4,286,219	11,632,505	13,330,294	5,199,768	3,617,899	558,438	19,954,009	17,516,925	-	76,096,057	75,791,002
Add											
Additions during the year	-	130,980	1,500,351	816,609	-	7,453	-	-	27,033	2,482,426	803,062
Less											
Disposals during the year	427,100	826,400	837,342	281,400	-	175,359	-	-	-	2,547,601	498,007
Balance, end of year	3,859,119	10,937,085	13,993,303	5,734,977	3,617,899	390,532	19,954,009	17,516,925	27,033	76,030,882	76,096,057
ACCUMULATED AMORTIZATION											
Balance, beginning of year	-	6,868,918	8,507,907	2,506,034	2,266,587	443,687	10,737,593	8,875,079	-	40,205,805	38,919,741
Add											
Amortization during the year	-	180,671	256,189	259,283	108,887	25,109	582,303	303,495	-	1,715,937	1,689,209
Less											
Accumulated amortization on disposals	-	826,107	624,554	281,400	-	175,359	-	-	-	1,907,420	403,145
Balance, end of year	-	6,223,482	8,139,542	2,483,917	2,375,474	293,437	11,319,896	9,178,574	-	40,014,322	40,205,805
Net book value, beginning of year	4,286,219	4,763,587	4,822,387	2,693,734	1,351,312	114,751	9,216,416	8,641,846	-	35,890,252	36,871,261
Net book value, end of year	3,859,119	4,713,603	5,853,761	3,251,060	1,242,425	97,095	8,634,113	8,338,351	27,033	36,016,560	35,890,252

The Corporation of the Town of Marathon
Consolidated Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2021

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	5,354,568	5,165,408	-	-	-	-	-	-	-	-
Government transfers	1,986,767	2,799,661	62,269	57,667	6,333	206,106	48,287	41,161	-	-
User fees and service charges	375,087	378,511	103,272	130,216	203,286	159,263	1,825,290	1,602,535	116,220	110,652
Other revenues	(350,039)	935,567	-	7,673	-	-	-	-	-	-
Interest income - general	158,887	181,166	2,740	2,544	-	-	-	-	-	-
	7,525,270	9,460,313	168,281	198,100	209,619	365,369	1,873,577	1,643,696	116,220	110,652
Expenses										
Salaries, wages and employee benefits	907,831	873,778	331,556	389,354	981,094	997,601	479,657	402,294	9,463	17,615
Debt charges	38,238	41,733	-	-	-	-	-	-	-	-
Materials	1,332,649	1,317,317	216,257	168,855	395,989	464,826	418,972	384,722	17,803	27,529
Contracted services	142,543	181,189	804,543	1,060,348	101,646	540,548	1,057,989	758,864	35,738	35,237
Rent and financials	43,489	42,809	-	-	4,140	3,185	-	-	-	-
External transfers	-	-	-	-	-	-	-	-	259,745	226,080
Amortization	25,261	26,278	74,224	60,669	790,697	776,947	498,811	498,752	33,987	33,988
	2,490,011	2,483,104	1,426,580	1,679,226	2,273,566	2,783,107	2,455,429	2,044,632	356,736	340,449
Annual surplus (deficit)	5,035,259	6,977,209	(1,258,299)	(1,481,126)	(2,063,947)	(2,417,738)	(581,852)	(400,936)	(240,516)	(229,797)

The Corporation of the Town of Marathon
Consolidated Schedule of Segment Disclosure

Schedule 3 (continued)

Year ended December 31, 2021

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	5,354,568	5,165,408
Government transfers	-	-	144,221	49,991	-	-	2,247,877	3,154,586
User fees and service charges	-	-	388,497	328,092	-	-	3,011,652	2,709,269
Other revenues	-	-	-	-	133,438	110,528	(216,601)	1,053,768
Interest income - general	-	-	-	-	-	-	161,627	183,710
	-	-	532,718	378,083	133,438	110,528	10,559,123	12,266,741
Expenses								
Salaries, wages and employee benefits	-	-	1,236,919	1,027,410	85,885	96,077	4,032,405	3,804,129
Debt charges	-	-	-	-	-	-	38,238	41,733
Materials	-	-	579,513	549,886	88,281	146,960	3,049,464	3,060,095
Contracted services	10,000	10,021	132,170	131,496	-	1,215	2,284,629	2,718,918
Rent and financials	-	-	4,105	10,352	-	-	51,734	56,346
External transfers	183,304	176,345	-	-	-	-	443,049	402,425
Amortization	-	-	273,321	253,310	19,636	39,265	1,715,937	1,689,209
	193,304	186,366	2,226,028	1,972,454	193,802	283,517	11,615,456	11,772,855
Annual surplus (deficit)	(193,304)	(186,366)	(1,693,310)	(1,594,371)	(60,364)	(172,989)	(1,056,333)	493,886

Independent Auditor's Report

Grant Thornton LLP

Suite 300
979 Alloy Drive
Thunder Bay, ON
P7B 5Z8

T +1 807 345 6571
F +1 807 345 0032
www.GrantThornton.ca

To the Board Members, Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Marathon

Qualified Opinion

We have audited the financial statements of Marathon Centennial Public Library Board (“the Library”), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Marathon Centennial Public Library Board as at December 31, 2021, and its results of operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Library derives revenue from donations and user fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Library. Therefore, we were not able to determine whether any adjustments might be necessary to donations, user fees, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Library 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of these 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 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 Library's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

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

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 Library'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 Library'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 Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Thunder Bay, Canada
July 18, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants
Licensed Public Accountants

Marathon Centennial Public Library Board Statement of Financial Position

As at December 31	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	60,580	53,779
Harmonized Sales Tax recoverable	1,937	4,333
Total financial assets	62,517	58,112
LIABILITIES		
Accounts payable and accrued liabilities	11,360	33,792
Deferred revenue	-	1,523
Due to The Corporation of the Town of Marathon	11,522	131
Total liabilities	22,882	35,446
NET FINANCIAL ASSETS	39,635	22,666
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 4]</i>	23,355	24,953
Accumulated surplus <i>[note 2]</i>	62,990	47,619

See accompanying notes to the financial statements.

Marathon Centennial Public Library Board

Statement of Operations and Accumulated Surplus

Year ended December 31	2021	2021	2020
	Budget \$ <i>[note 6]</i>	Actual \$	Actual \$
REVENUES			
Municipal contribution	145,000	145,000	105,000
Grants	27,500	99,130	26,470
Other	2,000	8,183	1,157
Total revenues	174,500	252,313	132,627
EXPENSES			
Amortization	9,051	9,051	9,939
Equipment and circulation material	14,500	38,743	8,050
Office supplies	7,900	8,270	6,285
Professional	3,780	1,816	1,250
Programming	4,000	1,014	1,206
Training and travel	2,000	243	-
Utilities	12,320	11,400	9,244
Wages and benefits	130,000	166,405	102,510
Total expenses	183,551	236,942	138,484
Excess (deficiency) of revenues over expenses for the year	(9,051)	15,371	(5,857)
Annual surplus (deficit)	(9,051)	15,371	(5,857)
Accumulated surplus, beginning of year	47,619	47,619	53,476
Accumulated surplus, end of year	38,568	62,990	47,619

See accompanying notes to the financial statements.

Marathon Centennial Public Library Board Statement of Change in Net Financial Assets

Year ended December 31	2021	2021	2020
	Budget \$ <i>[note 6]</i>	Actual \$	Actual \$
Annual surplus (deficit)	(9,051)	15,371	(5,857)
Acquisition of tangible capital assets	-	(7,453)	-
Amortization of tangible capital assets	9,051	9,051	9,939
Increase in net financial assets	-	16,969	4,082
Net financial assets, beginning of year	22,666	22,666	18,584
Net financial assets, end of year	22,666	39,635	22,666

See accompanying notes to the financial statements.

Marathon Centennial Public Library Board Statement of Cash Flows

Year ended December 31	2021	2020
	\$	\$
OPERATIONS		
Annual surplus (deficit)	15,371	(5,857)
Non-cash charges		
Amortization of tangible capital assets	9,051	9,939
	24,422	4,082
Net change in non-cash working capital balances		
Decrease (increase) in Harmonized Sales Tax recoverable	2,396	(2,036)
Increase (decrease) in accounts payable and accrued liabilities	(22,432)	28,017
Increase (decrease) in deferred revenue	(1,523)	1,523
Increase (decrease) in advance from The Corporation of the Town of Marathon	11,391	(4,096)
Cash provided by operating transactions	14,254	27,490
CAPITAL		
Acquisition of tangible capital assets	(7,453)	-
Cash used in capital transactions	(7,453)	-
Increase in cash and cash equivalents	6,801	27,490
Opening cash and cash equivalents	53,779	26,289
Closing cash and cash equivalents	60,580	53,779

See accompanying notes to the financial statements.

Marathon Centennial Public Library Board

Notes to the Financial Statements

December 31, 2021

GENERAL

The Marathon Centennial Public Library Board is a Board of the Town of Marathon in the Province of Ontario, Canada. It conducts its operations guided by provisions of provincial and municipal statutes and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Marathon Centennial Public Library Board are prepared by management in accordance with accounting policies generally accepted for the public sector as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada.

Basis of accounting

Accrual accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses 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.

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. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer hardware	5 years
Furniture and equipment	10 years
Library collection	10 years

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

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.

Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit and cash on hand.

Marathon Centennial Public Library Board

Notes to the Financial Statements

December 31, 2021

Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenses of the Board.

Revenue recognition

Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Deferred revenue

Deferred revenue is comprised of donations subject to externally imposed restrictions with respect to its use and the unspent portion of conditional grants.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Board may undertake in the future. Significant accounting estimates include allowance for doubtful accounts. Actual results could differ from those estimates.

Budget figures

The operating budget approved by the Library Board for 2021 is reflected on the Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

Marathon Centennial Public Library Board

Notes to the Financial Statements

December 31, 2021

2. ACCUMULATED SURPLUS

	2021	2020
	\$	\$
General fund	39,635	22,666
Investment in tangible capital assets	23,355	24,953
Total surplus	62,990	47,619

3. COMMITMENTS

The Library leases various office equipment under operating leases. The future minimum annual lease payments over the next year are as follows:

	\$
2022	232

Marathon Centennial Public Library Board

Notes to the Financial Statements

December 31, 2021

4. TANGIBLE CAPITAL ASSETS

	Library collection \$	Computer hardware \$	Furniture and equipment \$	2021 Total \$	2020 Total \$
COST					
Balance, beginning of year	76,474	16,209	25,279	117,962	141,637
Additions during the year	-	7,453	-	7,453	-
Less					
Disposals during the year	14,537	-	-	14,537	23,675
Balance, end of year	61,937	23,662	25,279	110,878	117,962
ACCUMULATED AMORTIZATION					
Balance, beginning of year	54,023	16,135	22,851	93,009	106,745
Add					
Amortization during the year	7,647	75	1,329	9,051	9,939
Less					
Accumulated amortization on disposals	14,537	-	-	14,537	23,675
Balance, end of year	47,133	16,210	24,180	87,523	93,009
Net book value, end of year	14,804	7,452	1,099	23,355	24,953

Marathon Centennial Public Library Board

Notes to the Financial Statements

December 31, 2021

5. PENSION AGREEMENTS

The Library makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2021 was \$12,972 [2020 - \$5,352] for current service.

6. BUDGET FIGURES

The operating budget approved by the Board for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenditures. The Board does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results. Below is a reconciliation of figures from the approved fiscal plan to the fiscal plan per the financial statements.

	Approved 2021 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
Revenues	174,500	-	174,500
Expenses	174,500	9,051	183,551
Annual surplus (deficit)	-	(9,051)	(9,051)
Add:			
Amortization of tangible capital assets	-	9,051	9,051
Increase in net financial assets	-	-	-

Marathon Centennial Public Library Board

Notes to the Financial Statements

December 31, 2021

7. COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Library has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Library for future periods.

Grant Thornton LLP

Suite 300
979 Alloy Drive
Thunder Bay, ON
P7B 5Z8

T +1 807 345 6571
F +1 807 345 0032
www.GrantThornton.ca

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Marathon

Opinion

We have audited the accompanying financial statements of the Cemetery Care and Maintenance Trust Fund of The Corporation of the Town of Marathon ("the Entity"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, 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 Cemetery Care and Maintenance Trust Fund of The Corporation of the Town of Marathon as at December 31, 2021, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Entity 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 these 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 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Grant Thornton LLP

Thunder Bay, Canada
June 13, 2022

Chartered Professional Accountants
Licensed Public Accountants

**The Corporation of the Town of Marathon
Cemetery Care and Maintenance Trust Fund
Statement of Financial Position**

As at December 31	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	68,414	66,622
Due from The Corporation of the Town of Marathon	2,826	1,418
	71,240	68,040
Accumulated surplus	71,240	68,040

See accompanying notes to the financial statements.

**The Corporation of the Town of Marathon
Cemetery Care and Maintenance Trust Fund
Statement of Operations and Accumulated Surplus**

Year ended December 31	2021	2020
	\$	\$
REVENUES		
Interest earned	374	652
Sale of plots	2,460	722
Monument markers	700	1,321
Care and maintenance contributions	2,500	751
Stake and locate	208	-
Total revenues	6,242	3,446
EXPENSES		
Cemetery maintenance	3,042	1,374
NET REVENUES	3,200	2,072
Annual surplus	3,200	2,072
Accumulated surplus, beginning of year	68,040	65,968
Accumulated surplus, end of year	71,240	68,040

See accompanying notes to the financial statements.

**The Corporation of the Town of Marathon
Cemetery Care and Maintenance Trust Fund
Statement of Cash Flows**

Year ended December 31	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	3,200	2,072
Net change in non-cash working capital balances		
Decrease (increase) in due from The Corporation of the Town of Marathon	(1,408)	407
Cash provided by operating activities	1,792	2,479
Increase in cash during year	1,792	2,479
Cash position, beginning of year	66,622	64,143
Cash position, end of year	68,414	66,622

See accompanying notes to the financial statements.

The Corporation of the Town of Marathon Cemetery Care and Maintenance Trust Fund Notes to the Financial Statements

December 31, 2021

1. NATURE OF BUSINESS

The Corporation of the Town of Marathon administers a perpetual care trust fund for the future care of the cemetery. The cemetery provides internment services for the benefit of the citizens of Marathon.

2. ACCOUNTING POLICY

Basis of accounting

Capital receipts, interest earned and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable, and expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.