



FORM MGA-MR-1

PROPOSAL TO ESTABLISH, RESTRUCTURE, DISSOLVE A MUNICIPALITY



PURSUANT TO THE *MUNICIPAL GOVERNMENT ACT* R.S.P.E.I. 1988, CAP. M-12.1., SEC. 15, AND PRINCIPLES, STANDARDS AND CRITERIA REGULATIONS

Completing your Application: Important Information

- ✓ The Principles, Standards and Criteria regulations will be used to evaluate all proposals. Proposals must demonstrate the ways in which they meet the requirements in the regulations.
- ✓ If your proposal is below thresholds set out in the MGA, a record of ministerial approval must be attached to this submission in order for the application to proceed.
- ✓ It is the responsibility of the municipality or the person or persons petitioning to establish, restructure or dissolve a municipality to ensure that all applicable provisions in the *Municipal Government Act* and Regulations have been addressed in this proposal.

PART 1: GENERAL INFORMATION: DESCRIPTION OF PROPOSAL

1. This proposal is to: Restructure a municipality
2. Reason for the proposal: annexation of approximately 77 acres
3. Names of all adjoining municipalities or unincorporated areas and any other municipality or unincorporated area that may be affected: Unionvale (unincorporated)

PART 2: INSTRUCTIONS FOR COMPLETION OF THIS FORM

- Complete **Box A** if proposing to **establish** or **restructure** a municipality
- Or**
- Complete **Box B** if proposing to **dissolve** a municipality.

Box A: Proposal to Establish or Restructure a Municipality

Required Information: If you are proposing to establish or restructure a municipality, you must submit the following information:

- ✓ Financial plan
- ✓ Capital assets, both existing and proposed
- ✓ A map depicting, in detail, the new boundaries being proposed
- ✓ A copy of the resolution by council to approve making application to establish or restructure a municipality
- ✓ If proposal is being submitted by a group of petitioning electors, a copy of the petition and

the name of the representative for the petitioning electors in a format that complies with subsection 15.(6) of the MGA

1. What is the proposed name: Town of O'Leary
2. What is the proposed class: Town
3. What is the office location: 18 Community Street, O'Leary PEI
4. A financial plan is included: Yes
5. What is the estimated total property assessment: \$46.2M taxable
6. What is the estimated population: 10 additional residences through annexation, 2021 Census: existing population of 876
7. List proposed services to be provided: All services available to existing residents and property owners, including but not limited to land use planning, recreation, administration, public works, and fire protection.
8. List of all capital assets, existing and proposed: Town buildings, land improvements, sidewalks and street lights, fire trucks, street equipment, fire equipment, office equipment, park equipment, park facilities, motor equipment, as well as sewer assets of sewer system, pumping equipment, plant equipment, motor vehicles.

Submission Checklist – please ensure that the following information is included:

- ☒ A map depicting the new boundaries being proposed;
- ☒ The financial plan for the new municipality;
- ☒ A copy of the resolution(s) approving submission of the application; and
- ☒ All additional information and documentation demonstrating compliance with the *Municipal Government Act* Principles, Standards and Criteria Regulations.

Box B: Proposal to Dissolve a Municipality

1. What is the name of the municipality proposed for dissolution: Click here to enter text.
2. Is a copy of the resolution approving application attached: Choose an item.
3. A plan for sale/transfer of assets must be submitted with this application. Is the plan attached? Choose an item.
If no, provide details and a submission date for the plan: Click here to enter text.
4. A plan for settlement of debts/obligations must be submitted with this application. Is the plan attached: Choose an item.
If no, provide details and a submission date for the plan: Click here to enter text.
5. Have any other plans been established to address dissolution issues? If so, please provide any

PROPOSAL TO ESTABLISH, RESTRUCTURE, OR DISSOLVE A MUNICIPALITY

Please provide any additional information that you think will assist in the assessment of this proposal: Please see attached submission.

Signature:

Beverley Shaw
Name (Print)

B Shaw
Name (Sign)

CAO
Title

November 1, 2023
Date of Submission

Contact Information:

Municipality (If Applicable): Town of O'Leary, c/o Bev Shaw, CAO
Address: 18 Community Street, PO Box 130, O'Leary, C0B 1V0
E-Mail: olearyadm@eastlink.ca
Phone Number(s): 902.859.3311

Personal information of applicant(s) on this application is collected under the *Freedom of Information and Protection of Privacy Act* of PEI, Section 31(c), as it is necessary for processing this application to establish, restructure or dissolve a municipality.

TOWN OF O'LEARY RESTRUCTURING PROPOSAL

PREPARED ON BEHALF OF THE TOWN OF O'LEARY BY:
Samantha J. Murphy, RPP LPP FCIP
SJ Murphy Planning & Consulting

October 10, 2023



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1. Overview

O'Leary is located in the south-central portion of West Prince at the intersection of the O'Leary Road and the Confederation Trail (former CNR rail lines) approximately 5 kilometers west of the Western Road (Rte 2). The Town is 60 kilometers north-west of Summerside and 130 kilometers west of the provincial capital, Charlottetown.

O'Leary has a relatively small land mass, with a total area of 1.83 sq. km. This limited size has caused a considerable amount of development to spill over the municipal boundaries into adjacent unincorporated lands. On September 24, 2016, the Town's boundary was expanded by 60 acres to encompass the municipal sewage lagoon. An earlier boundary change in 2009 also added a small area of land.

The Town of O'Leary is fully surrounded by unincorporated areas. The Town offers a large range of services to its public, ranging from a sewer utility, land use planning, a library, sidewalks, trails, recreation programs, and more.

The Town, after considering options in relation to its sewer lagoon, municipally-owned land, and previous boundary expansions, is submitting an application for a restructuring by means of annexation for 20 properties.

The proposed annexation will have a limited direct impact on residents and property owners as it involves only 17 privately-owned properties. The annexation of the properties by the Town would allow those properties to be brought under municipal planning policies and zoning and would facilitate the future development of those properties in an orderly fashion in accordance with the Town's overall vision for future development, while providing the Town with direct planning and service delivery control.

Town of O'Leary

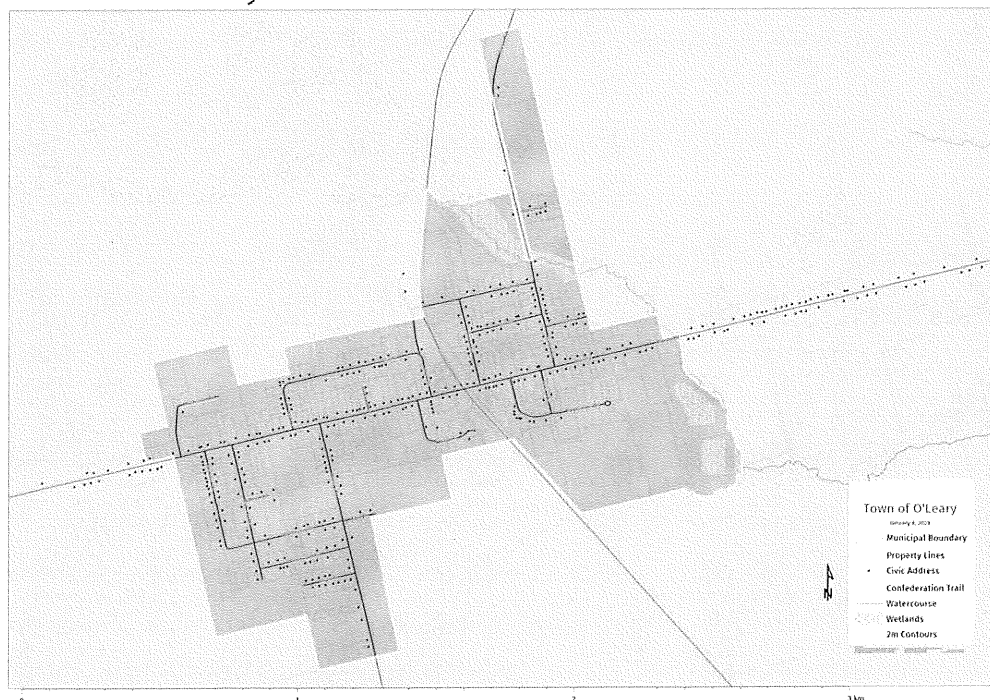


Figure 1 - Current Town Boundary

2. Background

2.1 Subject Properties

The Town of O'Leary is seeking approval to annex 20 properties at the south-eastern end of the municipality along Route 142 (Main Street within Town boundaries). The properties are currently part of the unincorporated civic addressing community of Unionvale and are located immediately to the east of the existing town boundary. The area in question would include any portion of PIDs 43562 and 43505 not currently included within the Town boundaries, as well as the properties identified in Appendix B, extending north along the eastern boundary line of PID 801910 then extending across to the eastern boundaries of PIDs 42960 and 42978, south to the southern boundary of Route 142, west to the eastern boundary of PIDs 401034 and 43505, south to southern boundary of PID 43505, west to the existing Town boundary, south to encompass all of PID 43653 and north along the Town boundary to Route 142 and west to the south-eastern corner of PID 801910, comprising a total of approximately 31.2 ha (77 acres) (see Figure 2).

The purpose of the annexation is primarily to bring the 31-acre (0.125 sq. km.) town-owned property, PID 43505, into the municipality, thereby giving the Town control over planning for the property. The inclusion of the additional properties would ensure a clean boundary, providing planning control for the areas fronting on both sides of Route 142 and avoiding boundary leapfrogging, extending Main Street by about 0.35 km. Approximately 58 of the 77 acres proposed for annexation currently belong to the Town of O'Leary.

Geolinc Plus Property Map

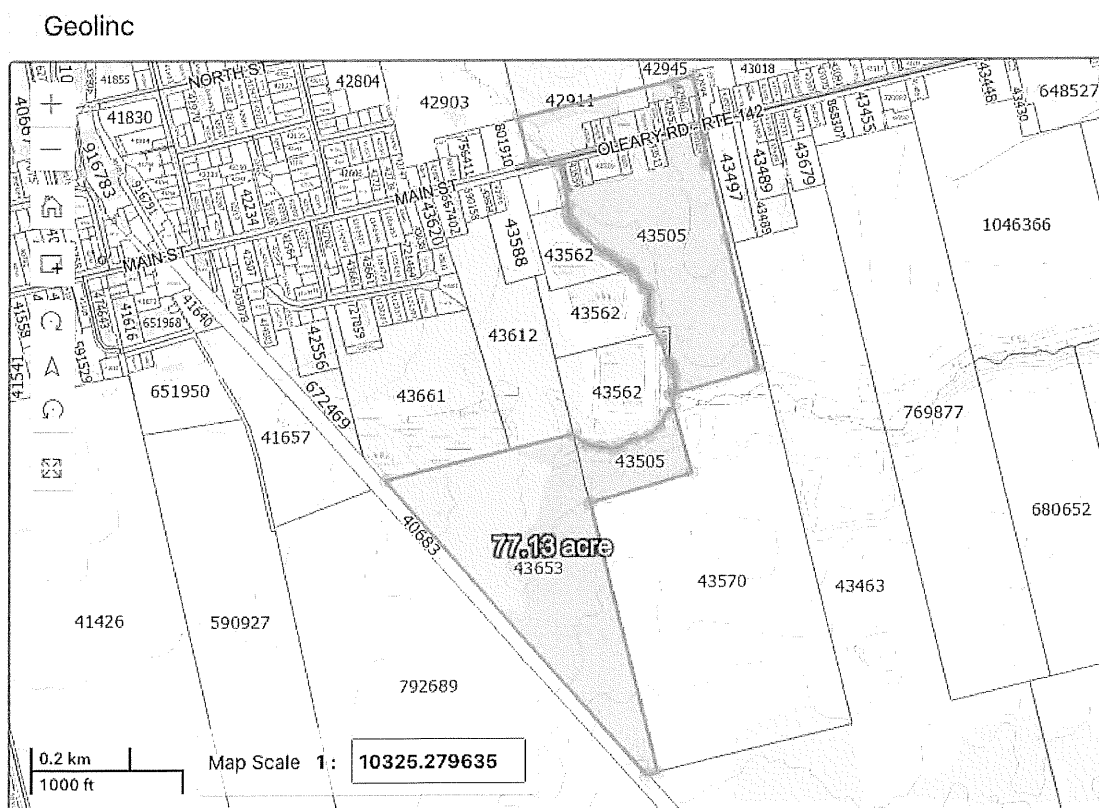


Figure 2 - Area Proposed for Annexation

This restructuring proposal would allow for the future development of the subject parcels within the context of a policy-based planning framework and provide the Town with planning control over town-owned land adjacent to the municipal sewer utility.

The properties are currently used for a mix of commercial, resource, and residential uses, all fronting on Route 142 which becomes Main Street within Town boundaries. For the most part, the privately-owned properties reflect a pattern of development consistent with that of the properties already within the Town’s boundaries.

The subject parcels are located within the O’Leary Fire District and police protection is provided by the RCMP. All other property-related services are currently provided by the Province.



Figure 3 - View towards area proposed for annexation from Town limits. Source: Google Maps, July 11, 2023

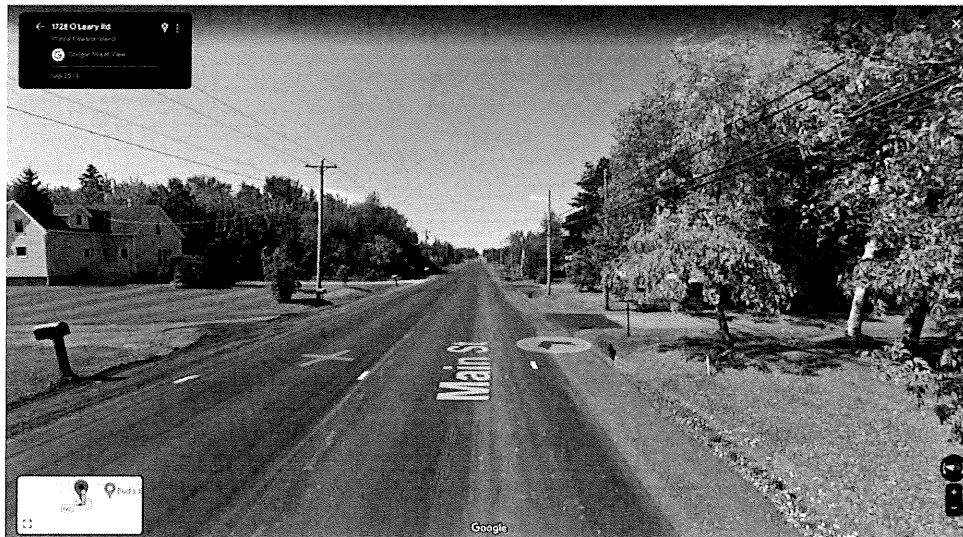


Figure 4 - Eastern end of area proposed for annexation, looking toward Town limits. Source: Google Maps, July 11, 2023

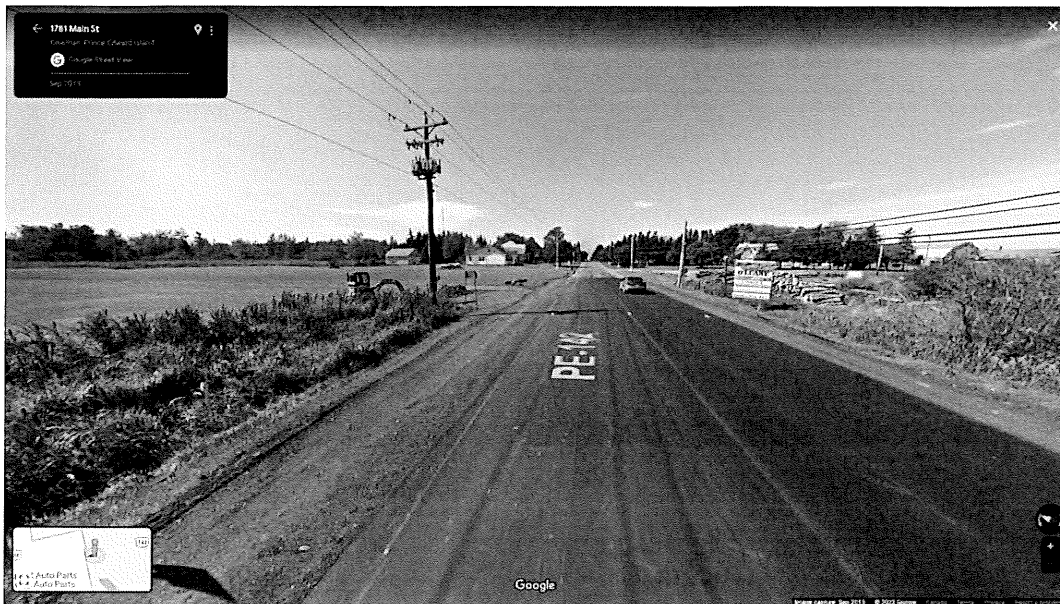


Figure 5 - View of eastern entry to Town. Source: Google Maps, July 11, 2023.

2.2 Public Engagement

Council's resolution to pursue a restructuring was passed on April 13, 2023 and was covered in the West Prince Graphic on April 19, 2023. The original area identified for annexation was later expanded to include additional adjoining town-owned land.

As part of the Council decision-making in April 2023 to proceed with an application to extend the Town's boundaries, Council resolved to offer a 7-year municipal property tax rebate to affected property owners.

A letter was sent to owners of the identified properties, providing information and inviting them to reach out to the Town with any questions they might have.

2.3 Future Potential Uses

2.3.1 Zoning

As the properties are not currently subject to a zoning or policy-based planning framework, there is no zoning in place at this time. All parcels are subject to the *Planning Act* Subdivision and Development Regulations.

Having the subject properties covered by a municipal planning framework would allow the Town to assign zoning to all parcels and to facilitate and direct the future development of the parcels in a coordinated and policy-based fashion when appropriate.

The assignment of zoning designations would follow a decision related to the Town's restructuring proposal and would involve a public process to amend the Town's official plan and bylaw in accordance with the *Planning Act*, including direct engagement with property owners of any newly-annexed properties.

2.3.2 Adjacent Uses

Adjacent uses include a range of residential, resource, and commercial activities. The zoning in the town lands adjacent to the subject properties includes Public Service Institution (PSI), Medium Density (R2) and Mixed Density Residential (R3), and General Commercial (C1).

2.4 Impact on Property Owners

The Town is the landowner for the largest affected parcel. The initial impact on affected property owners would

be limited for the first 7 years, due to the Town's proposed 7-year property tax rebate, after which point the properties would become subject to municipal tax rates.

3. Conformity with the *Municipal Government Act* and Regulations

3.1 Standards and Criteria for Towns

The proposed restructuring involves 20 parcels and as a result, section 14 of the Principles, Standards and Criteria Regulations under the *Municipal Government Act* would apply, in relation to both clauses (a) and (c), as the restructuring by annexation both satisfies the desires of the Town to expand services available to its public and the Town is the landowner for almost 60 of the proposed 77 acres to be annexed.

While section 14 exempts the proposal from the full list of considerations under section 13, being as it is a minor restructuring, the proposed restructuring is consistent with the Principles set out in section 2 of the Regulations and supports ongoing municipal functions.

3.1.1 Fundamental Principles

Current or future ability and capacity of the municipality to meet the immediate and long term needs of residents within the proposed boundaries.

Ten of the properties proposed for annexation have a residential use currently, two are assessed as having a commercial use, and five (including the Town's land) have other non-commercial assessments. One property, PID 42911, includes a farm assessment; the majority of that parcel would remain outside of the municipality post-restructuring. The expansion of the boundaries in that area would facilitate the potential delivery of new amenities and services through the additional parcels that would come under a municipal planning framework.

The Town has a 6-member Council, and a full-time chief administrative officer, recreation director, and maintenance supervisor, with additional seasonal staff during the summer months for maintenance and recreation programs. Through its existing administration, the Town of O'Leary already possess the ability and capacity to meet the immediate and long term needs of residents and will face no challenge in meeting the immediate and long term needs of the residents through the range of services currently offered by the Town.

Financial viability of the municipality as a result of the restructuring

The proposed restructuring will not substantially alter the financial viability of the Town of O'Leary. The municipality is financially healthy, with a sufficient assessment base to accommodate the new properties. It is not anticipated that extending municipal programs and services to the properties would have a negative impact on the Town's viability.

The assessed value (taxable) of the 15 privately-owned parcels that would be fully enclosed within the proposed new boundary is estimated to be approximately \$540,800, and the other two privately-owned parcels only a portion of which would become incorporated having a combined assessed value of just under \$28,000. The Town Council resolved to offer a 7-year municipal property tax rebate to affected property owners as part of a successful restructuring; however, over time, new development through an increased area has the potential to enhance the financial viability of the Town. The restructuring would support economic activity within the municipality by enabling additional development over time, offsetting some of the existing challenges with the limited municipal footprint.

Stable Base of Economic Activity

O'Leary functions as a regional service centre and has been known for many years as primarily an agricultural service centre. The surrounding rural areas have a very strong history in term of potato production and O'Leary

has had a long tradition of servicing this local industry. The numerous large produce warehouses which remain in the Town provide clear evidence of this historic relationship. Other key agricultural services include the ADL Dairy, the feed mill, and the Cavendish Farms Fertilizer plant, which sustained some fire damage in May 2023. The large surrounding agricultural region also depends on O’Leary for financial services, government offices, professional services, automotive supplies, gasoline and related services, and a wide array of daily needs such as food, pharmacy, convenience items, hardware, building supplies, etc. O’Leary is home to the O’Leary elementary school and health clinic at the Community Hospital.

O’Leary is the centre of a significant tourism region and provides key services to the local fishery. There is also a significant and growing manufacturing and processing sector in close proximity to O’Leary.

Long term vision of the services it intends to provide its residents in the immediate and long term

The proposed municipal boundary adjustment would facilitate a planned approach to enhancing community services, as well as increase the land mass available for residential, commercial, institutional, and mixed-use development. In the long term, it is anticipated that services and infrastructures could be extended as it becomes feasible and when cost-sharing or funding permits.

3.1.2 Criteria For Towns

Impacts on other existing municipalities

The Town of O’Leary is fully surrounded by unincorporated communities. The closest municipalities are Central Prince and Lot 11 and Area to the east and Alberton and Northport to the north. The proposed annexation is unlikely to have any impact on the ability of another municipality to expand or provide services to its residents. The Town is unaware of any other municipal boundary expansion initiatives in the region.

Community Services and Facilities

The Town has some population growth in recent years but is very limited in its land base, leading to constraints in the availability of both residential options and commercial space.

The expansion of the Town’s boundaries would create the opportunity to potentially accommodate additional residents and ensure that more of the housing growth in the area is serviced with municipal sewer services where feasible, reducing the probability of the area being developed with on-site services in the future.

As part of its restructuring proposal, the Town of O’Leary proposes to provide the following existing municipal services to the subject parcels:

- Planning & Development Services
- Public Works and Beautification
- Municipal fire protection
- Recreation programming
- Economic Development
- Finance, HR, and Administration
- Municipal Sewer Services (longer term, when funding permits)

Given the relatively small area proposed for annexation, the Town is confident that the expanded area would not pose any administrative or technical challenges.

Administration and Other Cost of Administering the Unincorporated Area

Given the relatively small size of the area, it is not anticipated that administering the currently unincorporated properties would result in additional costs, other than the short-term fixed costs associated with amendments to the Town’s Official Plan and Land Use Bylaw. As noted elsewhere in this Proposal, anticipated increases in

property tax revenue are anticipated to be modest; however, the ability to plan for and accommodate future development within municipal boundaries presents the greatest impact on municipal financial viability.

Public Benefits and Planning Considerations

The proposed annexation offers several benefits to the Town and its public. The development of the parcels would be guided by the Town's Official Plan and Zoning Bylaw, in a manner that is coordinated, managed, and fully serviced, representing a modest but incremental and orderly expansion of the Town's boundaries. New residents would have more direct access to municipal services and the ability to elect local representatives through municipal elections (O'Leary's Council is elected through an open ward system). While many of the current services are generally open to regional residents as well as those in the town, the inclusion of additional residents, no matter how small in number, can only increase the sustainability of those services in the long run.

4. Conclusion

4.1 Proposal Benefits

The proposed restructuring will provide a range of public benefits and will:

- provide for more sustainable and environmentally sensitive growth by facilitating the future development of the subject properties, including with municipal sewer services where feasible;
- very moderately increase the Town's property tax base and provide opportunity for new development;
- bring Town-owned land fully within the Town's boundaries; and
- extend land use planning to properties not currently protected by comprehensive land use planning by tying the development of the subject properties to a municipal official plan and land use bylaw.

Appendix A – Letter to affected property owners

September 15, 2023

RE: TOWN OF O'LEARY BOUNDARY ADJUSTMENT

Dear Property Owner/Resident of PID # :

As reported in the West Prince Graphic on April 19, 2023, the Town of O'Leary recently determined to proceed with an application to extend its boundaries to encompass Town- owned land immediately outside of Town limits. As part of this restructuring proposal, and in order to ensure a consistent and appropriately aligned boundary, Council has identified an additional 19 properties that would be included in this proposed boundary adjustment, all fronting on Route 142.

The Town is contacting property owners within the proposed area to provide information on the proposal and the anticipated long-term implications of this boundary adjustment.

As indicated on the attached map, the proposed boundary adjustment would involve approximately 37 acres, the majority of which is Town-owned parcels 43505 and 43653.

As part of the restructuring process, Town Council has resolved to offer a seven year rebate on municipal property taxes to all affected property owners.

Any consideration of changes in zoning would be made after a decision is finalized by the Province with regards to the boundary. At that point, a public process under the Town's Official Plan and Bylaw would take place.

We invite you to reach out with any questions that you might have. In the interim, the boundary proposal will be submitted to the Island Regulatory and Appeals Commission (IRAC) and IRAC will host their own public process to solicit feedback.

Thank you for your attention to this matter and we look forward to hearing from you. Written letters may be sent to the address above and emails may be sent to olearyadm@eastlink.ca.

Best regards,

Mayor Eric Gavin

Appendix B – Affected Parcels

The lands proposed for annexation consist of the following:

Parcel #	Owner	Current Zoning
43505	Town of O’Leary PO Box 130 O’Leary, PE C0B 1V0	No zoning outside boundaries – unincorporated.
43562	Town of O’Leary PO Box 130 O’Leary, PE C0B 1V0	No zoning outside boundaries – unincorporated.
43653	Town of O’Leary PO Box 130 O’Leary, PE C0B 1V0	No zoning outside boundaries – unincorporated.
43554	Keith & Nancy Marie Harvey 1781 O’Leary Rd - Rte 142 O’Leary, PE C0B 1V0	No zoning - unincorporated
789677	Keith & Nancy Marie Harvey 1781 O’Leary Rd - Rte 142 O’Leary, PE C0B 1V0	No zoning - unincorporated
43547	D & P Holdings Ltd. 1622 O’Leary Rd - Rte 142 PO BOX 39 Unionvale, PE C0B 1V0	No zoning - unincorporated
43539	Randy & Shelly Gray 2178 Boulter Rd, O’Leary, PE C0B 1V0	No zoning - unincorporated
43521	Sheila & Thomas Gain 378 Pope Rd, Summerside, PE C1N 0G1	No zoning - unincorporated
43513	Kirby Cook 1297 Locke Rd, Haliburton, PE C0B 1V0	No zoning - unincorporated
401034	KAMCHHICHI INC 2238 O’Halloran Rd Bloomfield Corner, PE C0B 1E0	No zoning – unincorporated
42978	Julie Carlene Silliker PO Box 286 Unionvale, PE C0B 1V0	No zoning – unincorporated
42960	Ronald MacDonald 1732 O’Leary Rd - RTE 142 O’Leary, PE C0B 1V0	No zoning – unincorporated
42945 (portion)	Gordon & Bernadette Buchanan Coleman, PE C0B 1H0	No zoning – unincorporated

Parcel #	Owner	Current Zoning
42952	Lloyd Rayner, 1738 O'Leary Rd Unionvale, PE C0B 1V0	No zoning – unincorporated
563247	Lloyd Rayner, 1738 O'Leary Rd Unionvale, PE C0B 1V0	No zoning – unincorporated
538363	Pamela Doucette & Kelsey Anderson, 502 Harper Rd Tignish, PE C0B 2B0	No zoning – unincorporated
809574	Krista Macdonald 1760 O'Leary Rd - Rte 142 Unionvale, PE C0B 1V0	No zoning – unincorporated
42937	Gary & Linda Bernard PO Box 12 O'Leary, PE C0B 1V0	No zoning – unincorporated
42929	Blayne Shaw O'Leary, PE C0B 1V0	No zoning – unincorporated
42911 (portion)	Paul & Carolyn Smallman, PO Box 252 O'Leary, PE C0B 1V0	No zoning – unincorporated
Total acreage in annexation	77acres +/-	

Principles, Standards and Criteria Regulations

13. Restructuring by annexation

Where a proposal referred to in section 2 is for the restructuring of the boundaries of a town by annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- (a) the factors specified in
 - (i) clauses 9(h) and (i), and
 - (ii) subclauses 11(b)(i) to (iv); and
- (b) whether the proposal provides a plan that demonstrates that the municipality will have the administrative and technical resources to govern the unincorporated area proposed for annexation. (EC750/17) 14.

14. Exception

Notwithstanding section 13, where a proposal referred to in section 2 is for the restructuring of the boundaries of a town by annexation of an unincorporated area that consists of twenty or fewer properties, the Commission shall consider in evaluating the proposal whether the proposed restructuring supports ongoing municipal functions, taking into consideration the reasons for the proposal, which include but are not limited to whether

- (a) the area proposed to be annexed has been identified as suitable and required for the provision of municipal services, infrastructure or facilities; (emphasis added)**
- (b) the purpose of the proposal is to correct a property line; or
- (c) the municipality has initiated the proposal following a request from the owners of one or more of the properties in the area to be annexed. (EC750/17)

2. Fundamental principles

Where a proposal to establish a new municipality or to restructure an existing municipality is initiated pursuant to subsection 15(1) or 15(2) of the Act, the Commission shall consider, in addition to the factors set out in subsection 19(2) of the Act, the following principles in evaluating the proposal:

- a) whether the proposal demonstrates that the municipality has or will have the ability and capacity to meet the immediate and long-term needs of the residents within the boundaries proposed;
- b) whether the proposed municipality is likely to be financially viable;
- c) whether the proposed municipality has a stable base of economic activity;
- d) whether the proposed municipality will hinder an existing municipality's ability to expand its boundaries or provide services to its residents; and
- e) whether the proposal demonstrates that the municipality has a vision of the services it intends to provide its residents in the immediate and long term. (EC750/17)

9. Establishment of a town

Where a proposal referred to in section 2 is for the establishment of a new municipality as a town, the Commission shall consider, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2, in evaluating the proposal, whether the proposal

- (h) demonstrates that the proposed municipality will not hinder another municipality's ability to expand its boundaries or provide services to its residents, taking into consideration factors such as

- i) municipal boundary expansion initiatives approved, under consideration, or underway in the other municipality at the time of submission of the proposal, and
- ii) existing, approved or planned municipal infrastructure or facilities for provision of services in the other municipality, and
- (i) contains a plan for the services the proposed municipality intends to provide, including, where there is limited central water or sewer service provided within the boundaries, the plan for water and sewer services within the municipality. (EC750/17)

11. Establishment by annexation

Where a proposal referred to in section 2 is for the establishment of a new municipality as a town by the annexation of an unincorporated area, the Commission shall consider in evaluating the proposal, in addition to the factors referred to in subsection 19(2) of the Act and the principles referred to in section 2,

- a) n/a
- b) whether the proposal
 - i) identifies and accounts for physical, environmental, social and economic factors such as
 - A. physical features,
 - B. environmental conditions,
 - C. community establishments, and
 - D. non-residential land uses and the economic base,
 - ii) includes a process to engage the residents of the proposed municipality in the planning of the future use of the land in the unincorporated area to be annexed,
 - iii) demonstrates in the financial plan referred to in clause 9(f) that the proposed annexation is likely to enhance the ability of the municipality to provide services, including information respecting
 - A. the estimated additional costs of administering the unincorporated area and the expected source of funds to pay the additional costs,
 - B. the estimated effect of administering the unincorporated area on the financial viability of the proposed municipality,
 - C. where an expansion of municipal services to the unincorporated area is proposed, a service delivery plan that identifies and addresses the estimated cost, timing and phasing of the services to be provided, and
 - D. where an expansion of municipal services to the unincorporated area is not proposed, the reasons why an expansion of municipal services is not warranted,
 - iv) demonstrates the value of the annexation to the residents within the boundaries proposed in a statement of community benefits which contains but is not limited to
 - A. the rationale for the boundaries proposed, which considers the location and use of public and commercial services such as health-care services, recreational facilities, retail establishments, tourism establishments and public administration or private sector uses,
 - B. shared needs and common interests that the annexation supports,
 - C. immediate and expected long-term benefits to residents of the existing municipality, and
 - D. immediate and expected long-term benefits to residents of the unincorporated area, and

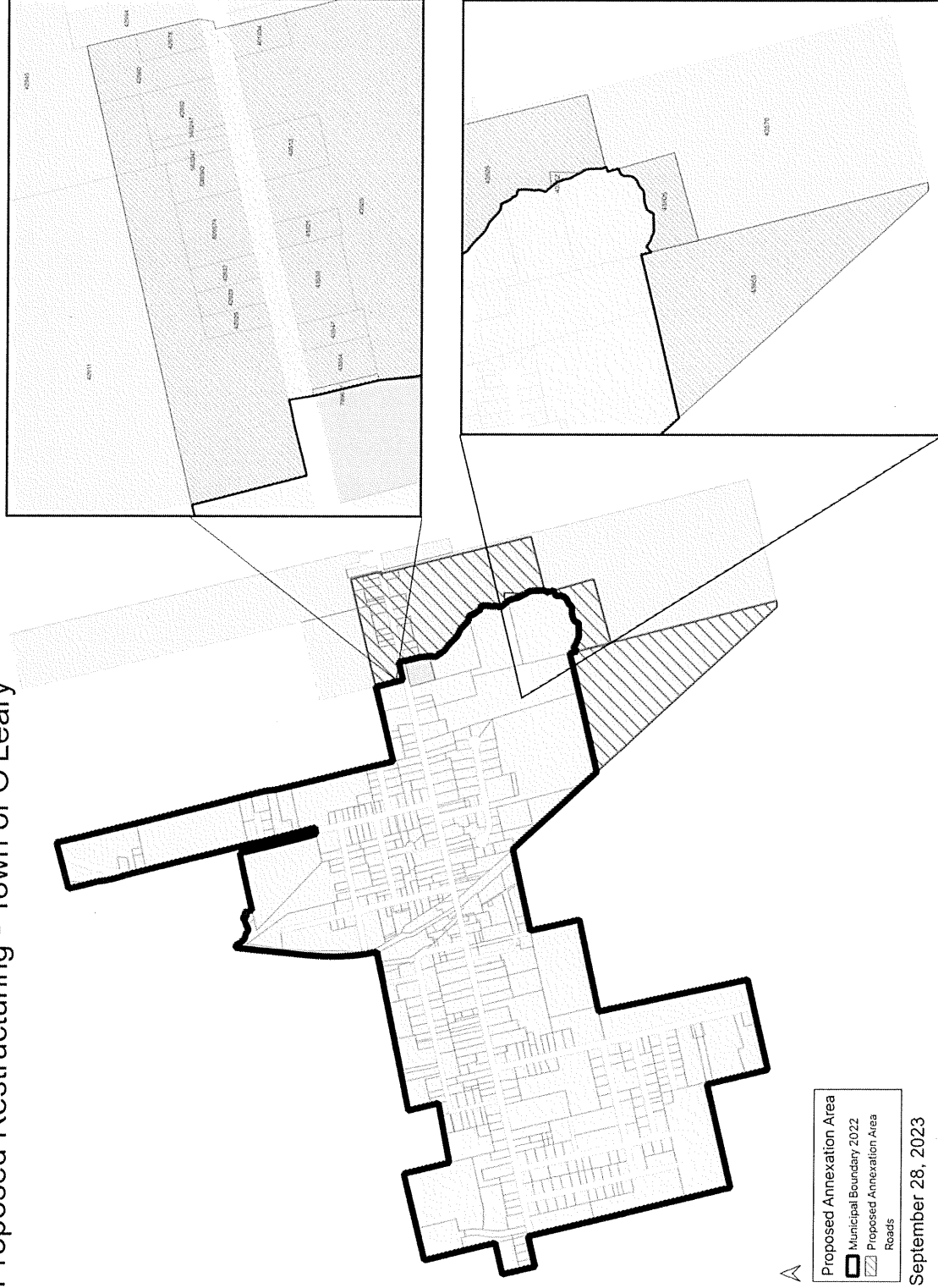
Municipal Government Act

19(2) Factors to be considered

In deciding what recommendations to make to the Minister respecting a proposal, the Commission

- a) shall consider the proposal in relation to
 - i) this Act and any other applicable enactment,
 - ii) the criteria specified in subsection 13(1) and any additional criteria in the regulations, and
 - iii) the report of the mediator filed under subsection 17(9);
- b) shall consider the evidence and submissions made at any public hearing held by the Commission or at any time during the 30-day objection period;
- c) may investigate and analyse the potential effect of the proposal on each adjoining municipality or nearby First Nation Band; and
- d) may do any other thing that the Commission considers advisable.

Proposed Restructuring - Town of O'Leary



TOWN OF O'LEARY RESOLUTION

BOUNDARY RESTRUCTURING PROPOSAL

MEETING DATE: OCTOBER 12, 2023

MOTION CARRIED x

MOTION LOST

MOTION WITHDRAWN

MOVED BY DEPUTY MAYOR DARREN MACKINNON

SECONDED BY COUNCILLOR KEVIN MAYNARD

Resolution re Boundary Restructuring Proposal:

Whereas the Town owns several parcels of land located partly or fully outside of the Town's boundaries, being PIDs 43562, 43505, and 43653, and the Town is seeking to extend the boundaries to encompass those properties; and

Whereas a number of additional adjoining parcels have been identified for annexation as part of the boundary restructuring, including PIDs 43554, 43547, 43539, 43521, 43513, 401034, 42978, 42960, 42952, 563247, 538363, 809574, 42937, 42929, 789677, part of 42911, and part of 42945; and

Whereas a proposal has been prepared outlining the request to restructure the Town's boundary through the annexation of the aforementioned parcels;

Be It Resolved that the Town apply to the Lieutenant Governor in Council to restructure to the Town boundary through the annexation of the aforementioned parcels and that the Chief Administrative Officer be authorized to submit the Town of O'Leary Municipal Restructuring Proposal and Application dated October 10, 2023 to the Island Regulatory and Appeals Commission for consideration in accordance with subsection 15(4) of the *Municipal Government Act*. ***Moved by Deputy Mayor Darren MacKinnon, seconded by Councillor Kevin Maynard. Motion carried.***

Town of O'Leary 2023-24 Budget

ADMINISTRATION	PROPOSED
	BUDGET 23/24
Bylaw Enforcement	\$ 6,240.00
Complex heating fuel	\$ 8,500.00
Complex lights	\$ 10,000.00
Maintenance shop heat	\$ 800.00
Maintenance shop lights	\$ 4,800.00
Admin salary	\$ 64,010.00
Admin casual help	\$ 7,400.00
Professional development	\$ 250.00
Admin postage	\$ 250.00
Admin office equipment	\$ 500.00
Admin office supplies	\$ 3,000.00
Professional fees	\$ 27,500.00
Admin bank charges	\$ 2,900.00
Admin phone	\$ 1,500.00
Insurance	\$ 13,770.00
Admin travel	\$ 400.00
Council honorarium	\$ 28,500.00
Taxes	\$ 1,500.00
Admin advertising	\$ 500.00
General maintenance	\$ 28,000.00
Maintenance small tools/equipment	\$ 2,000.00
Maintenance Supervisor wages	\$ 39,600.00
Employee benefits	\$ 17,000.00
Workers compensation	\$ 1,400.00
Admin sundry	\$ 1,900.00
Membership Dues/Registrations	\$ 1,800.00
Admin internet	\$ 1,100.00
EDA wages	\$ 27,000.00
Website maintenance	\$ 500.00
Generator loan p & i	\$ 3,000.00
New maint shop loan & interest	\$ 28,000.00
SUBTOTAL	\$ 333,620.00
30% TO SEWER	\$ 100,086.00
TOTAL	\$ 233,534.00
STREETS & SIDEWALKS	
New equipment(mt truck loan)	\$ 2,020.00
Equipment maintenance	\$ 9,000.00
Taxes	\$ 300.00
Xmas decorations	\$ 1,500.00
Maintenance truck fuel	\$ 4,500.00
Snow removal	\$ 6,000.00
Street lights	\$ 19,000.00
Sidewalks	\$ 22,000.00
Maintenance	\$ 750.00
Supplies & sundry	\$ 1,500.00
New sidewalk blower	\$ 3,000.00
New tractor (payments & interest	\$ 19,200.00
TOTAL	\$ 88,770.00
PARK	
Lights	\$ 6,400.00
Sundry	\$ 2,200.00
New equipment loan	\$ 3,900.00
Rec fields maintenance	\$ 10,000.00
Gas oil & equipment maintenance	\$ 4,000.00
Outdoor rink	\$ 1,500.00
TOTAL	\$ 28,000.00
	PROPOSED
RECREATION	BUDGET 23/24
Salary	\$ 45,760.00

Town of O'Leary 2023-24 Budget

CSJ staff	\$ 11,100.00
Provincial summer staff	\$ 11,100.00
Officials fees	\$ 600.00
Employee benefits	\$ 4,900.00
Phone	\$ 1,500.00
Program equipment	\$ 3,000.00
Mileage	\$ 500.00
Office supplies & internet	\$ 600.00
Conferences	\$ 500.00
Advertising	\$ 250.00
Ballfield operation costs	\$ 3,000.00
Winter Carnival	\$ 600.00
Municipal summer staff	\$ 6,950.00
Special events (Nationals, etc.)	\$ 4,000.00
Canada Day & Multiculturalism Day	\$ 9,400.00
Programming costs	\$ 1,800.00
TOTAL	\$ 105,560.00
POLICE	
Contract fee	\$ 106,852.00
TOTAL	\$ 106,852.00
FIRE PROTECTION	
Taxes	\$ 600.00
Honorarium	\$ 30,000.00
Training	\$ 12,000.00
Fire safety & advertising	\$ 500.00
Heat (50%)	\$ 8,000.00
Lights (50%)	\$ 9,000.00
Firetruck reserve/payment	\$ 60,000.00
Supplies, equip maint & sundry	\$ 8,000.00
Insurance	\$ 15,000.00
Communications	\$ 12,000.00
I am responding program	\$ 400.00
Gas & oil	\$ 7,500.00
Vehicle repairs	\$ 6,500.00
New equipment	\$ 10,000.00
Compressor	\$ 3,000.00
Travel	\$ 500.00
Building maintenance	\$ 6,000.00
TOTAL	\$ 189,000.00
	PROPOSED
OTHER EXPENSES	BUDGET 23/24
Library expenses	\$ 1,100.00
Tax concessions	\$ 22,300.00
Donations	\$ 6,500.00
Miscellaneous wages (maintenance)	\$ 11,000.00
Potato Blossom Festival	\$ 2,500.00
Rebates re Annexation Agreement	\$ 4,380.00
Community development	\$ 117,000.00
CSCL loan & interest	\$ 57,000.00
New Years Levee	\$ 1,200.00
Flowers/banners	\$ 3,000.00
Memorial Orchard	\$ 900.00
O'Leary Retail Centre loan P&I	\$ 25,700.00
O'Leary Retail Centre	\$ 6,000.00
Pate Garden Subdivision	\$ 10,000.00
Emergency measures expenses	\$ 2,600.00
Cenntennial Dr property	\$ 375.00
New Maintenance shop	\$ 28,000.00
Banner Project	\$ 7,000.00
Official Plan review	\$ 30,000.00

Town of O'Leary 2023-24 Budget

New Horizons project	\$ 23,600.00
TOTAL	\$ 360,155.00
GRAND TOTAL	1,111,871.00
	PROPOSED
REVENUE	BUDGET 22/23
Complex rentals	\$ 6,000.00
O'Leary Retail Centre	\$ 24,000.00
Hospital grant	\$ 20,000.00
EDA wage grants - Maintenance	\$ 27,000.00
CSJ & other wage grants - Rec	\$ 16,100.00
Recreation fees	\$ 6,500.00
Rec fields rental	\$ 1,500.00
Recreation Spud Chuckers	\$ 900.00
Recreation Mens Slo Pitch	\$ 2,000.00
Fines	\$ 9,500.00
Miscellaneous income	\$ 500.00
Fire dues	\$ 141,750.00
Property taxes	\$ 392,967.63
Municipal grant	\$ 295,465.07
Gas tax	\$ 100,000.00
Recreation support grant	\$ 5,000.00
Business permits	\$ 100.00
Building permits	\$ 200.00
Rezoning permits	\$ 300.00
Canada Day grant	\$ 9,400.00
Special events (Nationals, etc.)	\$ 2,500.00
New Horizons grant	\$ 23,600.00
Banner Project	\$ 3,500.00
Official Plan Project	\$ 23,200.00
TOTAL	\$ 1,111,982.70
GENERAL total revenue	\$ 1,111,982.70
GENERAL total expenses	\$ 1,111,871.00
Difference	\$ 111.70
SANITATION	PROPOSED
	BUDGET 23/24
Equipment & supplies	\$ 2,000.00
Lift station maintenance	\$ 5,000.00
Lift station wireless alarm	\$ 500.00
Lagoon supplies & sundry	\$ 5,000.00
Electricity	\$ 14,000.00
30 % allocation from General	\$ 100,086.00
Other administration	\$ 1,000.00
Contractual services	\$ 12,000.00
Insurance	\$ 850.00
Professional fees	\$ 500.00
IRAC levy	\$ 2,100.00
Cell phone	\$ 800.00
BMO loan	\$ 6,350.00
CWWF loan principle	\$ 18,100.00
CWWF loan interest	\$ 20,500.00
TOTAL	\$ 188,786.00
	PROPOSED
SANITATION REVENUE	BUDGET 22/23
Sewer charges	\$ 170,000.00
Customer late payment fees	\$ 3,000.00
Earned bank interest	\$ 2,000.00

Town of O’Leary 2023-24 Budget

TOTAL	\$ 175,000.00
SEWER total revenue	\$ 175,000.00
SEWER total expenses	\$ 188,786.00
Difference	-\$ 13,786.00

	MCEG	OPERATING REV	FINANCING	GRANTS	GAS TAX FUND	DONATIONS	RESERVES	TOTAL	
CAPITAL BUDGET 23/24									
SIDEWALK REPAIRS		\$22,000.00						\$22,000.00	SIDEWALK REPAIRS
FIRE PROTECTION NEW EQUIPMENT		\$10,000.00						\$10,000.00	NEW EQUIPMENT
COMMUNITY DEVELOPMENT			\$42,000.00	\$227,510.00	\$186,000.00			\$455,510.00	FUND FOR GOSPEL HALL LAND DEVELOPMENT
NEW BANNERS & FLOWER POTS		\$3,500.00		\$3,500.00				\$7,000.00	NEW BANNERS & FLOWER PLANTERS
TRACTOR			\$80,000.00					\$80,000.00	NEW UTILITY TRACTOR
TOTALS	0	\$35,500.00	\$122,000.00	\$231,010.00	\$186,000.00	0	0	\$574,510.00	
CAPITAL BUDGET 25/26									
SIDEWALK REPAIRS		\$20,000.00						\$20,000.00	
FIRE PROTECTION NEW EQUIPMENT		\$15,000.00						\$15,000.00	
COMMUNITY DEVELOPMENT		\$100,000.00						\$100,000.00	
TOTALS	0	\$135,000.00	0	0	0	0	0	\$0.00	
								\$135,000.00	
CAPITAL BUDGET 26/27									
SIDEWALK REPAIRS		\$20,000.00						\$20,000.00	
FIRE PROTECTION NEW EQUIPMENT		\$15,000.00						\$15,000.00	
COMMUNITY DEVELOPMENT		\$100,000.00						\$100,000.00	
TOTALS	0	\$135,000.00	0	0	0	0	0	\$135,000.00	
CAPITAL BUDGET 27/28									
SIDEWALK REPAIRS		\$20,000.00						\$20,000.00	
FIRE PROTECTION NEW EQUIPMENT		\$15,000.00						\$15,000.00	
COMMUNITY DEVELOPMENT		\$100,000.00						\$100,000.00	
TOTALS	\$ -	\$135,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$135,000.00	
CAPITAL BUDGET 28/29									
SIDEWALK REPAIRS		\$20,000.00						\$20,000.00	
FIRE PROTECTION EQUIPMENT		\$15,000.00						\$15,000.00	
COMMUNITY DEVELOPMENT		\$100,000.00						\$100,000.00	
TOTALS	0	\$135,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$135,000.00	

Consolidated Financial Statements of

TOWN OF O'LEARY

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL OF TOWN OF O'LEARY

Qualified Opinion

We have audited the consolidated financial statements of Town of O'Leary (the "Town"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of operations, the consolidated statement of changes in net financial debt, and the 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at March 31, 2023, and its consolidated results of operations, its consolidated change in net financial debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The municipality has not recognized a liability and corresponding tangible capital asset related to its asset retirement obligations. Management is aware that a liability existed at March 31, 2023, but as of the audit report date has not yet completed the detailed site investigation necessary to measure the liability. These unrecognized liabilities and tangible capital assets constitute departures from Canadian public sector accounting standards. We have not determined the extent of the unrecorded liabilities and tangible capital assets or their effect on expenses, annual surplus or change in net financial assets (debt) for the year ended March 31, 2023 and net financial assets and accumulated surplus as at March 31, 2022.

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

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

Auditor's Responsibilities for the Audit of the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Town's 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.

BDO Canada LLP

Chartered Professional Accountants

Summerside, Prince Edward Island
June 12, 2023

TOWN OF O'LEARY

Consolidated Statement of Financial Position

March 31, 2023

	2023	2022
Financial Assets		
Cash	\$ 385,544	\$ 260,717
Temporary investments (Note 3)	538,550	635,429
Accounts receivable (Note 4)	289,143	270,438
Land held for sale	141,619	160,027
	1,354,856	1,326,611
Liabilities		
Accounts payable and accrued liabilities	66,297	62,568
Deferred revenue	85,891	-
Long-term debt (Note 7)	1,525,488	1,426,027
	1,677,676	1,488,595
Net financial debt	(322,820)	(161,984)
Non-financial Assets		
Prepaid expenses	50	1,000
Tangible capital assets (Schedule 5)	6,589,976	6,026,330
	6,590,026	6,027,330
Accumulated surplus (Note 9)	\$ 6,267,206	\$ 5,865,346

On Behalf of the Council:

 Councilor

 Councilor

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Consolidated Statement of Operations
Year ended March 31, 2023

	Budget (unaudited)	2023	2022
Revenue:			
Municipal property tax	\$ 439,939	\$ 432,284	\$ 405,114
O'Leary Sewage Collection and Treatment Corporation (Schedule 1)	170,000	176,048	174,001
Fire dues	133,060	152,672	144,386
Government transfers for operations (Note 10)	324,494	362,450	292,087
Fines	8,200	10,015	8,178
Miscellaneous	9,200	40,136	11,756
Donations for Community Seniors Cooperative	-	-	21,100
Recreational program fees	6,300	14,162	6,571
O'Leary retail center	24,000	24,000	24,000
Special recreation events	-	6,861	500
Sale of land held for sale	-	16,500	18,900
Gain(loss) on sale of tangible capital assets	-	(1,284)	2,574
	1,115,193	1,233,844	1,109,167
Expenses:			
O'Leary Sewage Collection and Treatment Corporation (Schedule 1)	146,808	187,211	162,525
Administration (Schedule 2)	198,583	277,455	213,223
Fire protection (Schedule 3)	131,633	250,264	218,921
Recreation (Schedule 3)	69,525	121,911	90,740
Special projects (Schedule 4)	71,995	91,459	262,419
Streets and sidewalks (Schedule 4)	40,350	142,991	83,455
O'Leary Retail Centre (Schedule 4)	6,000	31,779	21,754
Police	98,287	105,303	98,287
Donations	6,500	6,453	5,546
Special recreation events	-	4,424	-
Parks and playgrounds	16,500	18,884	14,758
Cost of land held for sale	-	18,408	18,408
Donations for Community Seniors Cooperative	-	-	21,100
	786,181	1,256,542	1,211,136
Excess (deficit) of revenue over expenses - before other	329,012	(22,698)	(101,969)
Other:			
Government transfers for capital (Note 10)	100,000	424,558	449,111
Contributions for capital	-	-	29,915
	100,000	424,558	479,026
Annual surplus	429,012	401,860	377,057
Accumulated surplus, beginning of year	5,865,346	5,865,346	5,488,289
Accumulated surplus, end of year	\$ 6,294,358	\$ 6,267,206	\$ 5,865,346

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Consolidated Statement of Changes in Net Financial Debt

Year ended March 31, 2023

	Budget (unaudited)	2023	2022
Annual surplus	\$ 429,012	\$ 401,860	\$ 377,057
Acquisition of tangible capital assets	(263,192)	(851,408)	(452,459)
Amortization of tangible capital assets	-	286,477	268,914
Proceeds on disposal of tangible capital assets	-	1	7,900
Gain (loss) on sale of tangible capital assets	-	1,284	(2,574)
	(263,192)	(563,646)	(178,219)
Use of prepaid expenses	-	950	-
Increase (decrease) in net financial debt	165,820	(160,836)	198,838
Net financial debt, beginning of year	(161,984)	(161,984)	(360,822)
Net financial debt, end of year	\$ 3,836	\$ (322,820)	\$ (161,984)

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Consolidated Statement of Cash Flows

Year ended March 31, 2023

	2023	2022
Operating activities:		
Cash receipts from property owners and grants	\$ 1,276,255	\$ 1,046,816
Cash paid to suppliers and employees	(878,921)	(1,013,510)
Interest received	23,585	6,824
Interest paid	(68,057)	(37,791)
	352,862	2,339
Cash flows from capital activities:		
Purchase of tangible capital assets	(851,408)	(452,459)
Proceeds on disposal of tangible capital assets	1	7,900
Government transfers for capital	427,032	404,808
	(424,375)	(39,751)
Cash flows from financing activities:		
Proceeds of long-term debt	261,479	150,000
Repayment of long-term debt	(162,018)	(128,178)
	99,461	21,822
Cash flows from investing activities:		
Disposal of temporary investments	635,429	104,194
Purchase of temporary investments	(538,550)	(635,429)
	96,879	(531,235)
Increase (decrease) in cash position	124,827	(546,825)
Cash, beginning of year	260,717	807,542
Cash, end of year	\$ 385,544	\$ 260,717

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

1. Significant accounting policies:

(a) Nature of municipality

Town of O'Leary is a municipality in the Province of Prince Edward Island and operates under the provisions of the Municipal Governments Act of Prince Edward Island. The Town provides municipal services such as sewer, fire protection, planning, parks, recreation and other general government services.

The financial statements of the Town are the representation of management and have been prepared in accordance with the generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB").

(b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial assets (debt) and cash flows of the reporting entity. This entity comprises the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Consolidated with the Town are the following:

Town of O'Leary
O'Leary Sewage Collection and Treatment Corporation

Interdepartmental and organizational transactions and balances are eliminated.

(c) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets (debt) for the year.

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Asset	Rate
Town:	
Buildings	40 years
Land improvements	20 years
Sidewalks and street lights	25 years
Fire trucks	15 years
Street equipment	15 years
Fire equipment	10 years
Office equipment	5 years
Park equipment	15 years
Park facilities	15 years
Motor equipment	10 years
Sewer Utility:	
Sewer system	83 1/3 years
Pumping equipment	20 years
Plant equipment	10 years
Motor vehicles	5 years

Assets under construction are not amortized until the asset is available for productive use.
Total value of assets not yet in use at year-end is \$121,284 (2022 - Nil).

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

1. Significant accounting policies (continued):

(e) Revenue recognition:

Property tax billings are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province of Prince Edward Island at rates set by the Town. Taxation revenue is recorded as it is received in monthly installments from the Province of Prince Edward Island. For property taxes, the taxable event is the year for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Utility revenues are recognized when the significant risks and rewards of the service are transferred to the customer, which generally coincides with the time of billing, collectability is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

Revenues such as fire dues, recreation programs, rental and fines are recognized in the year in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

(f) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(g) Inventory - Land held for sale:

Inventory of land held for sale is recorded at the lower of cost and net realizable value. Land held for sale is recognized as a non-financial asset until it is reasonably anticipated that a sale will be completed within the next fiscal year.

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

(g) Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable and term deposits are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For the financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annual for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

2. Change in accounting policy:

Effective April 1, 2022, the Town adopted new Public Sector Accounting Handbook Standard, PS 3450, Financial Instruments. The standard requires all applicable financial instruments be subsequently measured at either fair value or amortized cost. This change in accounting policy has been applied retroactively without restatement of prior periods as there were no required changes to the financial statements as a result of the adoption of the new standard.

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

3. Temporary investments:

	2023	2022
Investment cash account	\$ 253	\$ -
Bank of Nova Scotia guaranteed investment certificate, (4.86% per annum) maturity June 21, 2023	354,707	-
Bank of Nova Scotia guaranteed investment certificate (5.06% per annum) maturity Sept 11, 2023	183,590	-
Bank of Nova Scotia guaranteed investment certificate matured during the year	-	457,016
Bank of Nova Scotia guaranteed investment certificate, matured during the year	-	178,413
	\$ 538,550	\$ 635,429

Temporary investments and cash of \$ 376,189 (2022 - \$ 349,555) are restricted for gas tax purposes.

4. Accounts receivable:

	2023	2022
Accounts receivable - general	\$ 82,731	\$ 105,673
Accounts receivable - general capital	109,847	67,906
Accounts receivable - sewer	16,633	13,225
Accounts receivable - sewer capital	7,010	51,425
Harmonized sales tax	72,922	32,209
	\$ 289,143	\$ 270,438

5. Assets not recognized:

An intangible asset for an easement with a value of \$29,793 (2022 - \$29,793) is not recognized in the Town's financial statements.

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

6. Bank indebtedness:

The Town has established a bank operating line of credit for daily expenses of up to \$ 120,000 (2022 - \$ 120,000), bearing interest at prime. At year end \$ NIL (2022 - \$ NIL) has been drawn upon this Bank of Nova Scotia operating line of credit. As security for the line of credit and the Bank of Nova Scotia long-term debt detailed in Note 7, the Town has provided a general security agreement.

7. Long-term debt:

	2023	2022
Bank of Nova Scotia loan payable, interest at 5.403%, repayable in monthly payments of \$ 2,397 plus interest, due November 2026 and amortized to April 2036, security see Note 6.	\$ 354,916	\$ 383,682
Bank of Nova Scotia loan payable, interest at 5.403%, repayable in monthly payments of \$ 1,146 plus interest, due November 2026, amortized to January 2039, security see Note 6.	217,708	230,313
Bank of Nova Scotia loan payable, interest at 5.426%, repayable in monthly payments of \$1,389 plus interest, due November 2026, amortized to April 2038, security see Note 6.	250,000	-
Bank of Nova Scotia loan payable, interest at 5.403%, repayable in monthly payments of \$1,389 plus interest, due November 2026, amortized to 2026, security see Note 6.	183,664	200,332
Bank of Nova Scotia loan payable, interest at 5.693%, repayable in annual payments of \$50,000, due in 2025.	100,000	150,000
Bank of Nova Scotia loan payable, interest at 5.691%, repayable in monthly payments of \$646 plus interest, due November 2024, security see Note 6.	13,563	32,000
John Deere, 0%, repayable in monthly payments of \$ 324, due in April 2025.	8,098	11,985

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

7. Long-term debt (continued):

Bank of Nova Scotia loan payable, interest at 5.651%, repayable in monthly payments of \$ 221 plus interest, due and amortized to February 2024, security see Note 6.	2,655	5,089
Bank of Nova Scotia loan payable, interest at 5.446%, repayable in monthly payments of \$ 191 plus interest, due and amortized to November 2026, security see Note 6.	10,331	-
Bank of Nova Scotia loan payable, interest at 5.428%, repayable in monthly payments of \$468 plus interest, due 2024.	935	6,545
Bank of Nova Scotia loan payable, interest at 5.403%, repayable in monthly payments of \$ 1,506 plus interest, due November 2026 and amortized to April 2044, security see Note 6.	376,381	392,947
Bank of Montreal loan payable, interest at 4.05%, repayable in monthly payments of \$ 523 including interest, due May 2024, amortized to November 2024.	7,237	13,134
	<u>\$ 1,525,488</u>	<u>\$ 1,426,027</u>

The aggregate required regular principal repayments of long-term debt in each of the four years subsequent to March 31, 2023 are as follows: 2024 - \$ 167,766; 2025 - \$ 157,163; 2026 - \$ 96,221; and 2027 - \$ 1,104,338.

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

8. Equity in tangible capital assets:

	2023	2022
Tangible capital assets (Schedule 5)	\$ 9,983,642	\$ 9,143,284
Accumulated amortization (Schedule 5)	(3,393,666)	(3,116,954)
Long-term debt (Note 7)	(1,411,925)	(1,244,027)
	\$ 5,178,051	\$ 4,782,303

9. Accumulated surplus:

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2023	2022
Unrestricted surplus	\$ 750,680	\$ 715,549
New Deal Gas Tax reserve	338,475	347,494
Community Development reserve	-	5,000
Playground reserve	-	15,000
Equity in tangible capital assets	5,178,051	4,782,303
	\$ 6,267,206	\$ 5,865,346

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

10. Government transfers:

	2023	2022
Government transfers for operations:		
Provincial Municipal Support grant	\$ 272,494	\$ 241,736
Employment Development Agency	27,741	21,025
Provincial Grant in Lieu of Taxes	20,000	20,000
Fire Grant	1,009	-
Province of Prince Edward Island - Recreation Grant	5,000	5,000
Canada Summer Jobs	12,951	4,326
New Horizons Grant	23,255	-
	<u>362,450</u>	<u>292,087</u>
Government transfer for capital general:		
Gas Tax Revenues	100,000	202,000
Park Project Funding (ACOA & PEI GOV)	239,420	-
Municipal Capital Expenditures Grant	71,245	39,686
Fire Communications System Grant	-	27,410
Active Transportation Fund	-	173,274
Banner Project	-	2,124
Heat Pump Grant	6,710	-
Island Community Food Grant	4,790	-
	<u>422,165</u>	<u>444,494</u>
Government transfer for capital sewer:		
Municipal Capital Expenditures Grant	2,393	4,617
	<u>2,393</u>	<u>4,617</u>
	<u>\$ 787,008</u>	<u>\$ 741,198</u>

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

11. Financial Instruments:

The Town is exposed to credit risk, and liquidity risk from its financial instruments. This note describes the Town's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Town is exposed to credit risk through its cash, accounts receivable and term deposits. Credit risk arises from these instruments due to possible financial loss. Credit risk has increased from the prior year due to increase in overall cash and term deposits.

The Town manages its credit risk by holding cash and term deposits at federally regulated chartered banks with cash accounts insured up to \$100,000.

The Town's maximum exposure to credit risk at the financial statement date is the carrying value of its cash, term deposits and accounts receivable is presented on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to liquidity risk through its accounts payable and long-term debt. Liquidity risk has increased from the prior year due to a increase in long term debt.

The Town manages its liquidity risk by monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise.

TOWN OF O'LEARY

Notes to Consolidated Financial Statements

Year ended March 31, 2023

12. Segmented information:

The Town is a diversified municipal government that provides a wide range of services to its residents. Distinguishable functional segments have been separately disclosed in the financial statements in the form of segmented information. The nature of segments and the activities they encompass are as follows:

Administration

General government revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment.

O'Leary Sewage Collection and Treatment Corporation

Sewer utility, operating under a separate legal entity, responsible for processing and cleaning sewage in accordance with provincial standards.

Fire protection

Revenues and expenses related to the operations of the O'Leary Fire Department.

Recreation

Revenues and expenses related to the operations of the Recreation Department.

Special projects

Revenues and expenses related to the operations of the Special Projects Department.

Streets and sidewalks

Revenues and expenses related to the operations of the streets and sidewalks.

The accounting policies of the segments are the same as those described in Note 1 Significant Accounting Policies. The revenues and expenses that are directly attributable to a particular segment are allocated directly to that segment.

TOWN OF O'LEARY

Schedule of O'Leary Sewage Collection and Treatment Corporation Operations

Year ended March 31, 2023 (Note 11)

Schedule 1

	Budget (unaudited)	2023	2022
Revenue:			
Sewer assessments	\$ 170,000	\$ 169,805	\$ 168,674
Interest	-	6,243	5,327
	170,000	176,048	174,001
Expenses:			
Operating:			
Electricity	12,000	13,635	7,254
Repairs and maintenance	27,500	15,475	21,124
General:			
Administrative	94,158	91,479	75,803
Insurance	650	820	653
Professional fees	500	-	-
Regulatory commission fees	1,500	2,149	2,082
Telephone	600	1,278	559
Other:			
Amortization of tangible capital assets	-	44,607	44,289
Interest on long-term debt	-	421	831
Interest on short-term debt	9,900	17,347	9,930
	146,808	187,211	162,525
Government transfers for capital (Note 9)	-	2,393	4,617
Excess (deficit) of revenues over expenses	\$ 23,192	\$ (8,770)	\$ 16,093

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Schedule of Expenses

Year ended March 31, 2023 (Note 11)

Schedule 2

	Budget (unaudited)	2023	2022
Administration			
Amortization	\$ -	\$ 48,007	\$ 42,288
Advertising	500	486	467
Bad debt	-	50	-
Bank charges	2,900	2,733	3,427
Casual labour	8,100	7,218	2,980
Councilors' allowance	28,500	28,342	25,991
Dues	2,100	2,193	-
Employee benefits	19,650	17,815	15,639
Fuel and electricity	20,600	22,266	17,108
General maintenance and cleaning	27,000	43,999	18,353
General maintenance wages	62,785	46,718	57,635
Insurance	9,100	11,203	7,767
Interest on long-term debt	2,800	993	1,199
Office	8,990	11,108	3,211
Professional development	250	-	-
Professional fees and dues	24,000	44,029	25,223
Property taxes	1,875	1,915	1,919
Salaries and benefits	56,491	67,629	57,120
Sundry	1,900	1,862	4,444
Telephone	14,100	8,893	2,963
Travel	200	428	-
	291,841	367,887	287,734
Allocated to sewer utility	(93,258)	(90,432)	(74,511)
	\$ 198,583	\$ 277,455	\$ 213,223

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Schedule of Expenses

Year ended March 31, 2023 (Note 11)

Schedule 3

	Budget (unaudited)	2023	2022
Fire protection			
Amortization of tangible capital assets	\$ -	\$ 101,410	\$ 103,998
Building maintenance	8,000	7,161	6,312
Electricity and heat	14,000	19,032	13,778
Gas, oil and repairs	12,500	15,518	12,655
Honorarium and travel	26,900	26,892	21,677
Insurance	13,000	14,719	12,519
Interest on long-term debt	24,483	24,483	14,944
Property taxes	600	524	530
Supplies and other	11,000	17,419	17,741
Telecommunications	12,400	12,119	9,213
Training	8,750	10,987	5,554
	\$ 131,633	\$ 250,264	\$ 218,921
Recreation			
Amortization of tangible capital assets	\$ -	\$ 40,174	\$ 32,311
Advertising	250	292	219
Ballfield repairs	2,500	1,191	1,502
Equipment and supplies	1,100	790	613
Salary	46,275	52,903	46,685
Summer student	10,900	14,050	4,422
Telephone	1,500	1,670	1,699
Travel and sundry	7,000	10,841	3,289
	\$ 69,525	\$ 121,911	\$ 90,740

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Schedule of Expenses

Year ended March 31, 2023 (Note 11)

Schedule 4

	Budget (unaudited)	2023	2022
Special projects:			
Community development and other	\$ 49,495	\$ 69,506	\$ 39,106
Library	1,300	929	1,260
Tax concessions	21,200	21,024	21,292
Donations to Community			
Seniors Cooperative	-	-	200,761
	\$ 71,995	\$ 91,459	\$ 262,419
Streets and sidewalks			
Amortization of tangible capital assets	\$ -	\$ 43,316	\$ 37,065
Cleaning, repairs and other	15,250	71,804	20,928
Interest on long-term debt	-	442	228
Electricity	21,000	20,344	21,143
Snow removal	4,100	7,085	4,091
	\$ 40,350	\$ 142,991	\$ 83,455
O'Leary Retail Centre			
Amortization of tangible capital assets	\$ -	\$ 8,963	\$ 8,963
Building maintenance	-	740	646
Insurance	6,000	2,726	2,270
Interest on long-term debt	-	15,689	7,231
Utilities	-	3,661	2,644
	\$ 6,000	\$ 31,779	\$ 21,754

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF O'LEARY

Schedule of Tangible Capital Assets

Year ended March 31, 2023

Schedule 5

	Cost Beginning of Year	Additions	Disposals and Write- downs	Cost End of Year	Accumulated Amortization Beginning of Year	Disposals and Write- downs	Accumulated Amortization End of Year	Net Book Value 2023	Net Book Value 2022
Community:									
Land	\$ 184,308	\$ -	\$ -	\$ 184,308	\$ -	\$ -	\$ -	\$ 184,308	\$ 184,308
Land improvements									
Pavement	66,803	-	-	66,803	45,240	-	47,883	18,920	21,563
Ballfield	182,202	-	-	182,202	120,708	-	129,818	52,384	61,494
Community Centre	950,100	6,710	-	956,810	494,932	-	518,259	438,551	455,168
Computer equipment	9,592	-	-	9,592	102	-	276	9,316	9,490
Strip mall	358,504	-	-	358,504	32,490	-	41,453	317,051	326,014
Sidewalks	975,848	1,324	-	977,172	430,881	-	468,925	508,247	544,967
Street lights	131,797	-	-	131,797	83,317	-	88,589	43,208	48,480
Fire trucks	1,575,514	-	-	1,575,514	702,618	-	784,546	790,968	872,896
Fire equipment	369,082	9,780	-	378,862	241,302	-	260,785	118,077	127,780
Street equipment	159,534	28,332	(11,050)	176,816	113,763	(9,765)	114,455	62,361	45,771
Park equipment	20,357	104,429	-	124,786	15,901	-	17,259	107,527	4,456
Park facilities	330,877	368,354	-	699,231	259,458	-	289,163	410,068	71,419
Motor equipment	16,830	-	-	16,830	5,049	-	8,415	8,415	11,781
Office equipment	43,316	5,296	-	48,612	29,224	-	33,338	15,274	14,092
Maintenance building	13,185	300,861	-	314,046	-	-	3,926	310,120	13,185
Sewer utility:									
Land	15,801	-	-	15,801	-	-	-	15,801	15,801
Sewer system	3,690,708	26,322	-	3,717,030	493,043	-	537,650	3,179,380	3,197,665
Treatment equipment	48,926	-	-	48,926	48,926	-	48,926	-	-
	\$ 9,143,284	\$ 851,408	\$ (11,050)	\$ 9,983,642	\$ 3,116,954	\$ (9,765)	\$ 3,393,666	\$ 6,589,976	\$ 6,026,330