
THE CORPORATION OF THE TOWNSHIP OF PERRY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

THE CORPORATION OF THE TOWNSHIP OF PERRY
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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Perry

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Perry ("the Township"), which comprise the consolidated statement of financial position as at December 31, 2020, 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 Township of Perry as at December 31, 2020, 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 Township 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 Township'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 Township'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 Township 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 Township and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

North Bay, Canada
June 16, 2021

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash (Note 4)	\$ 2,942,941	\$ 863,667
Temporary investments (Note 5)	479,667	1,810,701
Taxes receivable (Note 6)	259,386	420,374
Accounts receivable	225,937	261,905
	3,907,931	3,356,647
LIABILITIES		
Accounts payable and accrued liabilities	406,709	334,592
Deferred revenue-general (Note 7)	15,933	15,333
Deferred revenue-obligatory reserve funds (Note 8)	37,111	35,269
Municipal debt (Note 9)	681,241	753,138
Employee benefits payable (Note 10)	25,079	22,550
Landfill closure and post-closure liability (Note 11)	186,587	182,039
	1,352,660	1,342,921
NET FINANCIAL ASSETS	2,555,271	2,013,726
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 13)	8,158,678	8,072,709
Inventories of supplies	133,911	130,148
Prepaid expenses	49,172	33,150
	8,341,761	8,236,007
ACCUMULATED SURPLUS (Note 14)	\$ 10,897,032	\$ 10,249,733

Contingencies (see Note 2)
Contractual Obligations (see Note 12)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020 <i>(see Note 17)</i>	Actual 2020	Actual 2019
REVENUE			
Property taxes	\$ 3,217,780	\$ 3,224,386	\$ 3,190,076
User charges	65,650	110,505	119,296
Government transfers	1,294,425	1,509,245	1,933,098
Gain (loss) on disposal of tangible capital assets	-	(12,117)	(50,795)
Restructuring net revenue <i>(Note 16)</i>	-	-	3,165
Other	296,689	263,808	340,729
TOTAL REVENUE	4,874,544	5,095,827	5,535,569
EXPENSES			
General government	832,527	821,689	736,599
Protection to persons and property	952,298	938,564	1,020,829
Transportation services	1,509,377	1,319,624	1,299,341
Environmental services	397,414	363,242	385,834
Health services	218,774	226,129	201,938
Social and family services	345,901	345,901	340,856
Recreation and cultural services	400,282	351,733	350,170
Planning and development	113,706	81,646	87,976
TOTAL EXPENSES	4,770,279	4,448,528	4,423,543
ANNUAL SURPLUS <i>(Note 14)</i>	104,265	647,299	1,112,026
ACCUMULATED SURPLUS, BEGINNING OF YEAR	10,249,733	10,249,733	9,137,707
ACCUMULATED SURPLUS, END OF YEAR	\$ 10,353,998	\$ 10,897,032	\$ 10,249,733

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020 <i>(see Note 17)</i>	Actual 2020	Actual 2019
Annual surplus	\$ 104,265	\$ 647,299	\$ 1,112,026
Acquisition of tangible capital assets	(1,447,481)	(737,863)	(1,053,779)
Contributed tangible capital assets, net	-	(268)	(5,583)
Amortization of tangible capital assets	635,641	635,853	593,752
Loss on disposal of tangible capital assets	-	12,117	50,795
Proceeds from disposal of tangible capital assets	-	4,192	5,094
Change in supplies inventories	-	(3,763)	(36,510)
Change in prepaid expenses	-	(16,022)	125
Increase (decrease) in net financial assets	(707,575)	541,545	665,920
Net financial assets, beginning of year	2,013,726	2,013,726	1,347,806
Net financial assets, end of year	\$ 1,306,151	\$ 2,555,271	\$ 2,013,726

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating transactions		
Annual surplus	\$ 647,299	\$ 1,112,026
Non-cash charges to operations:		
Amortization	635,853	593,752
Contributed tangible capital assets (net)	(268)	(5,583)
Loss on disposal of tangible capital assets	12,117	50,795
Change in employee benefits payable	2,529	751
Change in landfill closure and post-closure liability	4,548	5,536
	<u>1,302,078</u>	<u>1,757,277</u>
Changes in non-cash items:		
Taxes receivable	160,988	(38,557)
Accounts receivable	35,968	64,881
Accounts payable and accrued liabilities	72,117	(154,096)
Deferred revenue-general	600	15,333
Deferred revenue-obligatory reserve funds	1,842	(18,110)
Inventories of supplies	(3,763)	(36,510)
Prepaid expenses	(16,022)	125
	<u>251,730</u>	<u>(166,934)</u>
Cash provided by operating transactions	<u>1,553,808</u>	<u>1,590,343</u>
Capital transactions		
Acquisition of tangible capital assets	(737,863)	(1,053,779)
Proceeds from disposal of tangible capital assets	4,192	5,094
Cash applied to capital transactions	<u>(733,671)</u>	<u>(1,048,685)</u>
Investing transactions		
Change in temporary investments	1,331,034	(977,849)
Cash provided by (applied to) investing transactions	<u>1,331,034</u>	<u>(977,849)</u>
Financing transactions		
Increase (decrease) in temporary borrowing	-	(500,000)
Proceeds from municipal debt	-	800,000
Debt principal repayments	(71,897)	(46,862)
Cash provided by (applied to) financing transactions	<u>(71,897)</u>	<u>253,138</u>
Net change in cash	2,079,274	(183,053)
Cash, beginning of year	863,667	1,046,720
Cash, end of year	\$ 2,942,941	\$ 863,667
Cash flow supplementary information:		
Cash paid for interest	\$ 19,521	\$ 19,740

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Township of Perry (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and proportionally consolidated entities

The following local board is consolidated:

Perry Township Public Library

The following local boards and committees are proportionally consolidated:

Kearney-Perry Joint Waste Management Committee

Almaguin Community Economic Development

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit

Parry Sound District Social Services Administration Board

District of Parry Sound (East) Home for the Aged

(iii) Accounting for school board transactions

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

(iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is 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.

(ii) Cash

Cash includes cash on hand and balances held at financial institutions.

(iii) Temporary investments

Temporary investments are recorded at cost plus accrued interest.

(iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) 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 donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings - 50 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 20 years
Roads - 5 to 60 years
Bridges - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

- (v) Deferred Revenue
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specific purpose.
- (vi) Reserves and reserve funds
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.
- (vii) Government transfers
Government transfers are recognized in the financial statements as revenue 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 Consolidated Statement of Operations as the stipulation liabilities are settled.
- (viii) Taxation and related revenue
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued as the employees render the services necessary to earn the benefits.
- (x) 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 revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee sick leave benefits liability, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	2020	2019
District of Parry Sound Social Services Administration Board	\$ 205,282	\$ 204,292
North Bay Parry Sound District Health Unit	64,835	67,155
District of Parry Sound (East) Home for the Aged	140,619	136,564
	\$ 410,736	\$ 408,011

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$833,457 of taxation was levied on behalf of school boards (2019 \$851,159).

(b) The Municipality administers care and maintenance trust funds totalling \$24,619 (2019 \$22,765) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemeteries. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

4. CASH

Cash is comprised of:

	2020	2019
Unrestricted cash	\$ 2,905,830	\$ 828,398
Restricted cash	37,111	35,269
	\$ 2,942,941	\$ 863,667

Federal, Provincial and Municipal legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 8, may be used.

5. TEMPORARY INVESTMENTS

Temporary investments are comprised of guaranteed investment certificates, bearing interest at rates ranging from .7% to 2.1% and maturing between January 29, 2021 and November 23, 2021.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2020	2019
Taxes receivable	\$ 261,586	\$ 450,374
Valuation allowance	(2,200)	(30,000)
	\$ 259,386	\$ 420,374

7. DEFERRED REVENUE-GENERAL

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

	2020	2019
Balance, beginning of year:		
Ontario Cannabis Legalization Implementation Fund	\$ 15,333	\$ -
Received during the year:		
Ontario Cannabis Legalization Implementation Fund	-	15,333
Other funding	600	-
Balance, end of year	\$ 15,933	\$ 15,333
Ontario Cannabis Legalization Implementation Fund	\$ 15,333	\$ 15,333
Other deferred revenue	600	-
Balance, end of year	\$ 15,933	\$ 15,333

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

8. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, development charges under the Development Charges Act and provincial Main Street revitalization funding under an agreement with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for public recreation purposes. Development charges are recognized in revenue when the Municipality has approved the expenditures for the capital works for which the development charges were raised. Main Street revitalization revenue recognition occurs when the Municipality has approved the expenditures for eligible operating expenditures and capital works.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2020	2019
Balance, beginning of year:		
Development Charges	\$ 6,763	\$ 6,763
Recreational land (the Planning Act)	16,808	9,353
Main Street Revitalization	11,698	37,263
	<u>35,269</u>	<u>53,379</u>
Received during the year:		
Recreational land (the Planning Act)	32,650	7,325
Interest earned	181	537
	<u>32,831</u>	<u>7,862</u>
Recognized in revenue during the year	<u>(30,989)</u>	<u>(25,972)</u>
Balance, end of year	\$ 37,111	\$ 35,269
Development Charges	\$ 6,763	\$ 6,763
Recreational land (the Planning Act)	30,348	16,808
Main Street Revitalization	-	11,698
Balance, end of year	\$ 37,111	\$ 35,269

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

9. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2020	2019
Ontario Infrastructure and Lands Corporation amortizing debenture, due April 2029, repayable in monthly payments of \$7,618 including interest calculated at 2.71%, secured by future Provincial funding	\$ 681,241	\$ 753,138

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2021	\$ 73,870	\$ 17,549
2022	75,897	15,522
2023	77,980	13,439
2024	80,119	11,299
2025	82,318	9,101
2026 onwards	291,057	13,672
	\$ 681,241	\$ 80,582

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2020	2019
Principal payments	\$ 71,897	\$ 46,862
Interest	19,359	15,785
	\$ 91,256	\$ 62,647

10. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates use of accumulated sick leave prior to retirement as well as lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$25,079 (2019 \$22,550) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill sites, management of groundwater and leachates, and ongoing environmental monitoring and site inspection and maintenance. Estimated expenditures related to the closure and subsequent maintenance of the sites are recognized in the financial statements over the operating life of the sites, in proportion to their utilized capacity.

The Municipality is currently responsible for two waste disposal sites as follows:

The Township of Perry landfill site stopped accepting waste in 2001 and is now in the monitoring stage. The liability for this landfill site is recorded at \$91,727 (2019 \$106,709) and represents the present value of closure and post-closure costs for 100% of the total site area, using an estimated long-term borrowing rate of 1.31% (2019 2.55%) and inflation rate of 1.6% (2019 1.7%). Post-closure care is estimated to be required for a period of 25 years.

The Township of Perry and the Town of Kearney jointly operate a landfill site through the Kearney-Perry Joint Waste Management Committee. The liability for this landfill site is recorded at \$170,000 (2019 \$135,000) and represents the present value of closure and post-closure costs for 28% of the approved site area, using an estimated long-term borrowing rate of 2.15% (2019 2.86%) and inflation rate of 1.6% (2019 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$965,930 (2019 \$755,357), leaving an amount to be recognized of \$795,930 (2019 \$620,357). The estimated remaining capacity of the site is approximately 97,843 cubic metres, estimated to be filled in 53 years. Post-closure care is estimated to be required for a period of 25 years. The Committee has closure reserves of \$307,713 (2019 \$303,010) to fund this liability.

The Municipality has recognized \$94,860 (2019 \$75,330) in the financial statements related to its proportionate share of this liability.

12. CONTRACTUAL OBLIGATIONS

In 2019 the Municipality contracted Georgian Engineering to provide engineering assistance and consulting services in connection with the construction of a community centre at a cost of \$76,200 plus HST. To the end of 2020, \$19,800 plus HST has been billed under this contract. The balance of work is expected to be completed in 2021.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

13. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2020							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,019,752	\$ 4,316,484	\$ 1,871,828	\$ 1,553,875	\$ 11,496,392	\$ 21,110	\$ 20,279,441
Additions and betterments	59,374	9,398	158,898	48,256	440,120	21,817	737,863
Contributed assets	-	-	268	-	-	-	268
Disposals and writedowns	-	(8,221)	(35,112)	(14,230)	(389,155)	-	(446,718)
BALANCE, END OF YEAR	1,079,126	4,317,661	1,995,882	1,587,901	11,547,357	42,927	20,570,854
ACCUMULATED AMORTIZATION							
Balance, beginning of year	247,672	797,850	913,489	751,680	9,496,041	-	12,206,732
Annual amortization	45,015	85,777	118,378	109,257	277,426	-	635,853
Accumulated amortization - contributed assets	-	-	-	-	-	-	-
Amortization disposals	-	(1,480)	(25,544)	(14,230)	(389,155)	-	(430,409)
BALANCE, END OF YEAR	292,687	882,147	1,006,323	846,707	9,384,312	-	12,412,176
TANGIBLE CAPITAL ASSETS-NET	\$ 786,439	\$ 3,435,514	\$ 989,559	\$ 741,194	\$ 2,163,045	\$ 42,927	\$ 8,158,678

2019							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 747,057	\$ 3,434,362	\$ 1,626,570	\$ 1,561,328	\$ 11,607,882	\$ 1,005,552	\$ 19,982,751
Additions and betterments	139,197	14,245	303,772	-	575,455	21,110	1,053,779
Contributed assets	3,961	68	2,249	-	-	-	6,278
Disposals and writedowns	-	(5,978)	(62,991)	(7,453)	(686,945)	-	(763,367)
Transfer between classes	129,537	873,787	2,228	-	-	(1,005,552)	-
BALANCE, END OF YEAR	1,019,752	4,316,484	1,871,828	1,553,875	11,496,392	21,110	20,279,441
ACCUMULATED AMORTIZATION							
Balance, beginning of year	219,505	721,496	845,737	639,772	9,893,253	-	12,319,763
Annual amortization	27,603	77,173	109,143	116,566	263,267	-	593,752
Accumulated amortization - contributed assets	564	18	113	-	-	-	695
Amortization disposals	-	(837)	(41,504)	(4,658)	(660,479)	-	(707,478)
BALANCE, END OF YEAR	247,672	797,850	913,489	751,680	9,496,041	-	12,206,732
TANGIBLE CAPITAL ASSETS-NET	\$ 772,080	\$ 3,518,634	\$ 958,339	\$ 802,195	\$ 2,000,351	\$ 21,110	\$ 8,072,709

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

14. ACCUMULATED SURPLUS

The 2020 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working capital	\$ 871,504	\$ (5,534)	\$ 865,970
Election	12,251	2,500	14,751
Fire	139,973	33,362	173,335
Roads	693,152	220,000	913,152
Library	35,460	961	36,421
Replacement of building and equipment	283,294	290,500	573,794
Future Needs	225,615	-	225,615
Joint Waste Management Committee (2020: 55.8% ; 2019: 55.8%)	241,830	3,667	245,497
	2,503,079	545,456	3,048,535
OTHER			
Consolidated tangible capital assets	8,072,709	85,969	8,158,678
General operating surplus (deficit)-			
Municipality	631,754	(42,406)	589,348
Joint Waste Management Committee (2020: 55.8% ; 2019: 55.8%)	(82)	(7,737)	(7,819)
Almaguin Community Economic Development (9.5%)	-	1,197	1,197
Unfunded amounts -			
Municipal debt	(753,138)	71,897	(681,241)
Employee benefits	(22,550)	(2,529)	(25,079)
Landfill closure and post-closure	(182,039)	(4,548)	(186,587)
	\$ 10,249,733	\$ 647,299	\$ 10,897,032

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, conservation authority, emergency measures and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes solid waste management.

Health Services

This segment includes cemeteries as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and cultural services such as museums.

Library

This segment includes the consolidated library transactions of the Municipality and its Library Board.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administrative time and office expenses to specific segments.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Library Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,224,386	\$ 3,224,386
User charges	8,252	21,924	900	32,854	150	-	-	225	46,200	-	110,505
Government transfers -											
Canada	-	-	149,441	-	-	-	-	-	12,349	-	161,790
Ontario	-	16,874	50,161	84,542	-	-	11,698	8,371	8,689	1,168,301	1,348,636
Other municipalities	-	(2,726)	1,545	-	-	-	-	-	-	-	(1,181)
Loss on disposal of capital assets	(8,075)	-	(1,640)	-	-	-	-	(380)	(2,022)	-	(12,117)
Other	1,133	120,993	4,190	19,043	2,562	-	21,136	1,680	6,843	86,228	263,808
TOTAL REVENUE	1,310	157,065	204,597	136,439	2,712	-	32,834	9,896	72,059	4,478,915	5,095,827
EXPENSES											
Salaries, wages and benefits	577,787	212,562	432,661	128,737	-	-	128,504	59,802	19,402	-	1,559,455
Long-term debt charges (interest)	-	19,359	-	-	-	-	-	-	-	-	19,359
Materials	78,679	121,735	328,094	34,080	305	-	88,601	16,052	21,372	-	688,918
Contracted services	116,842	517,835	122,594	168,584	153,707	-	1,237	1,658	11,495	-	1,093,952
Rents and financial expenses	5,180	3,370	7,963	-	209	-	3,906	-	7,883	-	28,511
External transfers	2,575	-	-	-	71,480	345,901	-	-	2,524	-	422,480
Amortization	40,626	63,703	428,312	31,841	428	-	36,449	15,524	18,970	-	635,853
TOTAL EXPENSES	821,689	938,564	1,319,624	363,242	226,129	345,901	258,697	93,036	81,646	-	4,448,528
ANNUAL SURPLUS (DEFICIT)	\$ (820,379)	\$ (781,499)	\$ (1,115,027)	\$ (226,803)	\$ (223,417)	\$ (345,901)	\$ (225,863)	\$ (83,140)	\$ (9,587)	\$ 4,478,915	\$ 647,299

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

15. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2019

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Library Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,190,076	\$ 3,190,076
User charges	9,136	20,278	-	39,571	-	-	2,881	830	46,600	-	119,296
Government transfers -											
Canada	-	-	299,746	-	-	-	-	-	2,404	-	302,150
Ontario	-	17,969	50,170	86,688	-	-	3,509	8,036	23,621	1,429,500	1,619,493
Other municipalities	-	5,388	1,523	-	-	-	-	-	4,544	-	11,455
Loss on disposal of capital assets	-	(5,141)	(45,511)	-	-	-	-	(143)	-	-	(50,795)
Restructuring net revenue	-	-	-	-	-	-	-	-	3,165	-	3,165
Other	581	147,360	23,266	11,487	740	-	16,994	4,816	8,204	127,281	340,729
TOTAL REVENUE	9,717	185,854	329,194	137,746	740	-	23,384	13,539	88,538	4,746,857	5,535,569
EXPENSES											
Salaries, wages and benefits	486,389	218,197	427,845	133,382	-	-	127,537	58,450	16,465	-	1,468,265
Long-term debt charges (interest)	-	15,785	-	-	-	-	-	-	-	-	15,785
Materials	87,207	127,264	401,921	35,191	-	-	80,954	22,387	41,415	-	796,339
Contracted services	115,649	594,502	60,452	188,393	133,786	-	4,160	1,321	11,964	-	1,110,227
Rents and financial expenses	3,415	8,961	-	10,945	159	-	3,601	-	853	-	27,934
External transfers	2,730	-	-	-	67,655	340,856	-	-	-	-	411,241
Amortization	41,209	56,120	409,123	17,923	338	-	35,605	16,155	17,279	-	593,752
TOTAL EXPENSES	736,599	1,020,829	1,299,341	385,834	201,938	340,856	251,857	98,313	87,976	-	4,423,543
ANNUAL SURPLUS (DEFICIT)	\$ (726,882)	\$ (834,975)	\$ (970,147)	\$ (248,088)	\$ (201,198)	\$ (340,856)	\$ (228,473)	\$ (84,774)	\$ 562	\$ 4,746,857	\$ 1,112,026

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

16. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement took effect in October 2019, and includes the following independent organizations:

- The Corporation of the Township of Perry;
- The Municipal Corporation of the Township of Armour;
- The Corporation of the Township of Ryerson;
- The Corporation of the Village of Sundridge;
- The Almaguin Highlands Chamber of Commerce;
- The Corporation of the Municipality of Magnetawan;
- The Corporation of the Municipality of the Village of Burk's Falls;
- The Corporation of the Township of Strong;
- The Corporation of the Village of South River;
- The Corporation of the Municipality of Powassan;
- The Corporation of the Township of Joly.

ACED assumed the operating responsibilities of the Central Almaguin Economic Development Association and of the Burk's Falls and Area Community Economic Development. In addition, the tangible capital assets of the Burk's Falls and Area Community Economic Development were transferred to ACED at no cost.

In 2019 the Municipality recorded net revenue of \$3,165 as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 13.

17. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (631,754)
Increase in Joint Waste Management Committee operating surplus	82
Decrease in consolidated reserves and reserve funds	(147,800)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,447,481
Amortization of tangible capital assets	(635,641)
Decrease in municipal debt	71,897
ANNUAL SURPLUS	\$ 104,265

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

18. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million with respect to benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2020 was \$102,337 (2019 \$93,603) for current and prior-year service and is included as an expense on the Consolidated Statement of Operations.

19. 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 nonessential 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 Municipality has received Safe Restart funding in the amount of \$208,400 to cover pandemic-related costs and has identified \$129,540 in related costs in 2020. The costs include a \$41,700 decrease in revenue related to the suspension of interest on taxes, \$7,314 estimated lost Provincial Offences Act revenue, \$10,500 loss of user fee revenue and \$33,385 loss of other revenue. In addition, \$36,641 additional expenses relating to the purchase of COVID-19 supplies and supplemental levies have been identified. Unspent Safe Restart funding in the amount of \$78,860 has been transferred to the working fund reserve to be used to cover related costs in future years.

While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, 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.

20. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform with the basis of presentation adopted for the current year.