
THE CORPORATION OF THE TOWNSHIP OF PERRY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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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, 2022, 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, 2022, 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 21, 2023

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash (Note 4)	\$ 3,447,427	\$ 3,563,187
Temporary investments (Note 5)	168,798	36,137
Taxes receivable (Note 6)	252,346	209,264
Accounts receivable	1,846,928	500,458
Inventory held for resale	7,395	7,656
	5,722,894	4,316,702
LIABILITIES		
Temporary borrowing (Note 7)	2,007,491	-
Accounts payable and accrued liabilities	1,156,540	389,019
Deferred revenue-general (Note 8)	31,971	22,769
Deferred revenue-obligatory reserve funds (Note 9)	98,664	230,414
Municipal debt (Note 10)	531,474	607,371
Employee benefits payable (Note 11)	32,229	33,760
Landfill closure and post-closure liability (Note 12)	142,742	168,552
	4,001,111	1,451,885
NET FINANCIAL ASSETS	1,721,783	2,864,817
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 15)	12,827,041	8,562,560
Inventories of supplies	153,620	166,702
Prepaid expenses	105,720	127,965
	13,086,381	8,857,227
ACCUMULATED SURPLUS (Note 16)	\$ 14,808,164	\$ 11,722,044

Contingencies (see Notes 2, 14)
Contractual Obligations (see Note 13)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget 2022 (see Note 19)	Actual 2022	Actual 2021
REVENUE			
Property taxes	\$ 3,350,041	\$ 3,378,136	\$ 3,279,345
User charges	94,350	116,979	117,084
Government transfers	3,099,035	3,828,345	1,640,135
Loss on disposal of tangible capital assets	-	(43,829)	(69,948)
Restructuring net revenue (Note 18)	-	2,600	-
Other	325,217	412,945	343,129
TOTAL REVENUE	6,868,643	7,695,176	5,309,745
EXPENSES			
General government	931,075	879,075	933,216
Protection to persons and property	1,041,669	1,021,499	1,007,245
Transportation services	1,392,992	1,304,798	1,207,319
Environmental services	378,131	328,652	332,943
Health services	271,128	250,828	214,929
Social and family services	385,868	371,598	375,162
Recreation and cultural services	382,973	385,006	317,338
Planning and development	91,908	67,600	96,581
TOTAL EXPENSES	4,875,744	4,609,056	4,484,733
ANNUAL SURPLUS (Note 16)	1,992,899	3,086,120	825,012
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,722,044	11,722,044	10,897,032
ACCUMULATED SURPLUS, END OF YEAR	\$ 13,714,943	\$ 14,808,164	\$ 11,722,044

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, 2022

	Budget 2022 <i>(see Note 19)</i>	Actual 2022	Actual 2021
Annual surplus	\$ 1,992,899	\$ 3,086,120	\$ 825,012
Acquisition of tangible capital assets	(3,858,119)	(4,948,912)	(1,182,197)
Contributed tangible capital assets, net	-	(612)	(627)
Amortization of tangible capital assets	608,994	609,033	594,933
Loss on disposal of tangible capital assets	-	43,829	69,948
Proceeds from disposal of tangible capital assets	-	32,181	114,061
Change in supplies inventories	-	13,082	(32,791)
Change in prepaid expenses	-	22,245	(78,793)
Increase (decrease) in net financial assets	(1,256,226)	(1,143,034)	309,546
Net financial assets, beginning of year	2,864,817	2,864,817	2,555,271
Net financial assets, end of year	\$ 1,608,591	\$ 1,721,783	\$ 2,864,817

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, 2022

	2022	2021
Operating transactions		
Annual surplus	\$ 3,086,120	\$ 825,012
Non-cash charges to operations:		
Amortization	609,033	594,933
Contributed tangible capital assets (net)	(612)	(627)
Loss on disposal of tangible capital assets	43,829	69,948
Change in employee benefits payable	(1,531)	8,681
Change in landfill closure and post-closure liability	(25,810)	(18,035)
	<u>3,711,029</u>	<u>1,479,912</u>
Changes in non-cash items:		
Taxes receivable	(43,082)	50,122
Accounts receivable	(1,346,470)	(274,521)
Inventory held for resale	261	(7,656)
Accounts payable and accrued liabilities	767,521	(17,690)
Deferred revenue-general	9,202	6,836
Deferred revenue-obligatory reserve funds	(131,750)	193,303
Inventories of supplies	13,082	(32,791)
Prepaid expenses	22,245	(78,793)
	<u>(708,991)</u>	<u>(161,190)</u>
Cash provided by operating transactions	<u>3,002,038</u>	<u>1,318,722</u>
Capital transactions		
Acquisition of tangible capital assets	(4,948,912)	(1,182,197)
Proceeds from disposal of tangible capital assets	32,181	114,061
Cash applied to capital transactions	<u>(4,916,731)</u>	<u>(1,068,136)</u>
Investing transactions		
Change in temporary investments	(132,661)	443,530
Cash provided by (applied to) investing transactions	<u>(132,661)</u>	<u>443,530</u>
Financing transactions		
Increase in temporary borrowing	2,007,491	-
Debt principal repayments	(75,897)	(73,870)
Cash provided by (applied) to financing transactions	<u>1,931,594</u>	<u>(73,870)</u>
Net change in cash	(115,760)	620,246
Cash, beginning of year	3,563,187	2,942,941
Cash, end of year	\$ 3,447,427	\$ 3,563,187
Cash flow supplementary information:		
Cash paid for interest	\$ 33,919	\$ 17,549

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, 2022

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, 2022

(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, 2022

- (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, 2022

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2022	2021
District of Parry Sound Social Services Administration Board	\$ 207,868	\$ 205,573
North Bay Parry Sound District Health Unit	66,964	64,835
District of Parry Sound (East) Home for the Aged	163,730	169,589
	\$ 438,562	\$ 439,997

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, \$855,576 of taxation was levied on behalf of school boards (2021 \$845,996).

(b) The Municipality administers care and maintenance trust funds totaling \$25,119 (2021 \$25,019) 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:

	2022	2021
Unrestricted cash	\$ 3,348,763	\$ 3,332,773
Restricted cash	98,664	230,414
	\$ 3,447,427	\$ 3,563,187

Federal, Provincial and Municipal legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 9, may be used.

5. TEMPORARY INVESTMENTS

Temporary investments are comprised of guaranteed investment certificates, bearing interest at 4.69% and maturing October 27, 2023.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2022	2021
Taxes receivable	\$ 254,346	\$ 215,364
Valuation allowance	(2,000)	(6,100)
	\$ 252,346	\$ 209,264

7. TEMPORARY BORROWING

The Municipality has a promissory note payable to the Ontario Infrastructure and Lands Corporation to provide interim financing for funding capital projects to a maximum principal of \$2,000,000. The note is payable on demand, with interest only, calculated at Infrastructure Ontario's monthly construction interest rate in effect for the interest period, payable monthly. At December 31, \$2,007,491 of the facility was used, including \$7,491 accrued interest.

8. DEFERRED REVENUE-GENERAL

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

	2022	2021
Balance, beginning of year:		
Ontario Cannabis Legalization Implementation Fund	\$ 20,333	\$ 15,333
Other funding	2,436	600
	22,769	15,933
Received during the year:		
Ontario Cannabis Legalization Implementation Fund	-	5,000
Other funding	11,338	2,036
	11,338	7,036
Recognized in revenue during the year	(2,136)	(200)
Balance, end of year	\$ 31,971	\$ 22,769
Ontario Cannabis Legalization Implementation Fund	\$ 20,333	\$ 20,333
Other deferred revenue	11,638	2,436
Balance, end of year	\$ 31,971	\$ 22,769

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

9. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act, development charges under the Development Charges Act and Federal Community-Building funding (previously gas tax) 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 and building permit revenue, revenue recognition occurs when the Municipality has approved eligible expenditures for public recreation and building department 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. Community-Building 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:

	2022	2021
Balance, beginning of year:		
Development Charges	\$ 6,763	\$ 6,763
Recreational land (the Planning Act)	18,388	30,348
Building Code Act	55,178	-
Community-Building	150,085	-
	<u>230,414</u>	<u>37,111</u>
Received during the year:		
Recreational land (the Planning Act)	11,900	17,825
Building Code Act	194,479	214,476
Community-Building	155,658	305,296
Interest earned	5,859	1,042
	<u>367,896</u>	<u>538,639</u>
Recognized in revenue during the year	<u>(499,646)</u>	<u>(345,336)</u>
Balance, end of year	\$ 98,664	\$ 230,414
Development Charges	\$ 6,763	\$ 6,763
Recreational land (the Planning Act)	20,649	18,388
Building Code Act	71,252	55,178
Community-Building	-	150,085
Balance, end of year	\$ 98,664	\$ 230,414

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

10. MUNICIPAL DEBT

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

	2022	2021
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	\$ 531,474	\$ 607,371

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

	Principal	Interest
2023	\$ 77,980	\$ 13,439
2024	80,119	11,299
2025	82,318	9,101
2026	84,577	6,842
2027	86,897	4,521
2028 onwards	119,583	2,309
	\$ 531,474	\$ 47,511

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

	2022	2021
Principal payments	\$ 75,897	\$ 73,870
Interest	15,350	17,382
	\$ 91,247	\$ 91,252

11. 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 \$32,229 (2021 \$33,760) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

12. 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 \$61,186 (2021 \$77,994) 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 4.39% (2021 2.27%) and inflation rate of 2.40% (2021 1.8%). 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 \$146,158 (2021 \$162,000) and represents the present value of closure and post-closure costs for 30% of the approved site area, using an estimated long-term borrowing rate of 4.71% (2021 2.85%) and inflation rate of 2.4% (2021 1.8%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$599,398 (2021 \$837,180), leaving an amount to be recognized of \$453,240 (2021 \$675,180). The estimated remaining capacity of the site is approximately 94,143 cubic metres, estimated to be filled in 51 years. Post-closure care is estimated to be required for a period of 25 years. The Committee has closure reserves of \$309,919 (2021 \$308,126) to fund this liability.

The Municipality has recognized \$81,556 (2021 \$90,558) in the financial statements related to its proportionate share of this liability.

13. CONTRACTUAL OBLIGATIONS

In 2021, the Municipality awarded a contract for the design and construction of the community centre/library to W. S. Morgan Construction Ltd. at a contract price of \$4,330,440 plus HST. To the end of 2022, \$3,428,066 of work had been performed. The balance of the work is expected to be completed in 2023.

14. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to one outstanding claim, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation. Therefore, no provision has been made in the accompanying financial statements.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

15. TANGIBLE CAPITAL ASSETS

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

2022							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,080,365	\$ 4,427,415	\$ 2,068,937	\$ 1,600,388	\$ 11,688,529	\$ 118,413	\$ 20,984,047
Additions and betterments	16,244	102,526	196,490	396,322	732,283	3,505,047	4,948,912
Contributed assets	396	(34)	(3)	-	-	-	359
Disposals and writedowns	(87,521)	(88,448)	(156,592)	(254,200)	(425,248)	-	(1,012,009)
Transfer between classes	-	-	-	-	21,641	(21,641)	-
BALANCE, END OF YEAR	1,009,484	4,441,459	2,108,832	1,742,510	12,017,205	3,601,819	24,921,309
ACCUMULATED AMORTIZATION							
Balance, beginning of year	315,177	909,660	876,592	915,845	9,404,213	-	12,421,487
Annual amortization	29,145	88,445	126,358	127,156	237,929	-	609,033
Accumulated amortization - contributed assets	(177)	(10)	(66)	-	-	-	(253)
Amortization disposals	(87,520)	(38,119)	(152,420)	(250,384)	(407,556)	-	(935,999)
BALANCE, END OF YEAR	256,625	959,976	850,464	792,617	9,234,586	-	12,094,268
TANGIBLE CAPITAL ASSETS-NET	\$ 752,859	\$ 3,481,483	\$ 1,258,368	\$ 949,893	\$ 2,782,619	\$ 3,601,819	\$ 12,827,041
2021							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,079,126	\$ 4,317,661	\$ 1,995,882	\$ 1,587,901	\$ 11,547,357	\$ 42,927	\$ 20,570,854
Additions and betterments	3,186	211,582	461,456	50,883	377,050	78,040	1,182,197
Contributed assets	353	34	659	-	-	-	1,046
Disposals and writedowns	(4,472)	(102,244)	(389,060)	(38,396)	(235,878)	-	(770,050)
Transfer between classes	2,172	382	-	-	-	(2,554)	-
BALANCE, END OF YEAR	1,080,365	4,427,415	2,068,937	1,600,388	11,688,529	118,413	20,984,047
ACCUMULATED AMORTIZATION							
Balance, beginning of year	292,687	882,147	1,006,323	846,707	9,384,312	-	12,412,176
Annual amortization	26,616	86,835	121,606	107,534	252,342	-	594,933
Accumulated amortization - contributed assets	346	9	64	-	-	-	419
Amortization disposals	(4,472)	(59,331)	(251,401)	(38,396)	(232,441)	-	(586,041)
BALANCE, END OF YEAR	315,177	909,660	876,592	915,845	9,404,213	-	12,421,487
TANGIBLE CAPITAL ASSETS-NET	\$ 765,188	\$ 3,517,755	\$ 1,192,345	\$ 684,543	\$ 2,284,316	\$ 118,413	\$ 8,562,560

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

16. ACCUMULATED SURPLUS

The 2022 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	\$ 472,496	\$ 10,000	\$ 482,496
Election	17,251	(517)	16,734
Fire	213,335	(109,421)	103,914
Roads	1,173,152	240,000	1,413,152
Library	36,946	(16,079)	20,867
Replacement of building and equipment	871,294	(745,000)	126,294
Future Needs	225,615	-	225,615
Joint Waste Management Committee (2022: 55.8% ; 2021: 55.9%)	246,260	958	247,218
	3,256,349	(620,059)	2,636,290
OTHER			
Consolidated tangible capital assets	8,562,560	4,264,481	12,827,041
General operating surplus (deficit)- Municipality	706,212	(669,163)	37,049
Joint Waste Management Committee (2022: 55.8% ; 2021: 55.9%)	1,914	2,923	4,837
Almaguin Community Economic Development (2022: 11.8% ; 2021: 9.5%)	4,692	4,700	9,392
Unfunded amounts -			
Municipal debt	(607,371)	75,897	(531,474)
Employee benefits	(33,760)	1,531	(32,229)
Landfill closure and post-closure	(168,552)	25,810	(142,742)
	\$ 11,722,044	\$ 3,086,120	\$ 14,808,164

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

17. 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, 2022

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,378,136	\$ 3,378,136
User charges	7,532	1,739	-	45,483	-	-	1,040	35	61,150	-	116,979
Government transfers -											
Canada	-	-	309,599	-	-	-	607,209	-	19,749	-	936,557
Ontario	-	17,320	212,620	112,667	-	-	1,576,222	7,933	4,090	952,000	2,882,852
Other municipalities	-	7,344	1,592	-	-	-	-	-	-	-	8,936
Gain (loss) on disposal of capital assets	-	14,338	(11,219)	-	-	-	-	(46,948)	-	-	(43,829)
Restructuring net revenue	-	-	-	-	-	-	-	-	2,600	-	2,600
Other	1,514	182,915	9,294	30,856	340	-	19,243	1,343	3,268	164,172	412,945
TOTAL REVENUE	9,046	223,656	521,886	189,006	340	-	2,203,714	(37,637)	90,857	4,494,308	7,695,176
EXPENSES											
Salaries, wages and benefits	584,858	218,252	452,546	127,522	-	-	123,145	74,301	23,556	-	1,604,180
Long-term debt charges (interest)	-	15,350	-	-	-	-	-	-	-	-	15,350
Materials	110,033	135,390	417,297	40,935	385	-	73,812	21,550	25,000	-	824,402
Contracted services	147,356	535,809	39,176	141,318	178,879	-	2,156	8,270	6,407	-	1,059,371
Rents and financial expenses	3,217	3,507	-	-	-	-	31,186	-	12,470	-	50,380
External transfers	2,025	-	-	2,000	70,717	371,598	-	-	-	-	446,340
Interfunctional adjustments	(24,055)	24,055	-	-	-	-	-	-	-	-	-
Amortization	55,641	89,136	395,779	16,877	847	-	35,530	15,056	167	-	609,033
TOTAL EXPENSES	879,075	1,021,499	1,304,798	328,652	250,828	371,598	265,829	119,177	67,600	-	4,609,056
ANNUAL SURPLUS (DEFICIT)	\$ (870,029)	\$ (797,843)	\$ (782,912)	\$ (139,646)	\$ (250,488)	\$ (371,598)	\$ 1,937,885	\$ (156,814)	\$ 23,257	\$ 4,494,308	\$ 3,086,120

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,279,345	\$ 3,279,345
User charges	9,969	2,702	-	55,048	25	-	900	40	48,400	-	117,084
Government transfers -											
Canada	33,040	-	236,039	-	-	-	6,160	-	14,672	-	289,911
Ontario	-	23,454	182,505	93,348	-	-	-	8,251	6,188	1,023,025	1,336,771
Other municipalities	-	11,884	1,569	-	-	-	-	-	-	-	13,453
Loss on disposal of capital assets	(6,210)	-	(53,418)	-	-	-	(10,320)	-	-	-	(69,948)
Other	-	176,264	5,928	37,256	802	-	32,446	1,096	2,575	86,762	343,129
TOTAL REVENUE	36,799	214,304	372,623	185,652	827	-	29,186	9,387	71,835	4,389,132	5,309,745
EXPENSES											
Salaries, wages and benefits	618,852	234,630	467,569	123,921	-	-	124,963	59,824	20,495	-	1,650,254
Long-term debt charges (interest)	-	17,382	-	-	-	-	-	-	-	-	17,382
Materials	114,080	160,454	283,685	43,120	175	-	51,158	21,707	36,858	-	711,237
Contracted services	171,341	510,713	48,271	149,473	145,558	-	1,914	3,733	5,618	-	1,036,621
Rents and financial expenses	5,422	3,438	-	-	-	-	3,933	-	12,801	-	25,594
External transfers	1,800	-	-	2,000	68,635	375,162	100	-	1,015	-	448,712
Interfunctional adjustments	(18,000)	18,000	-	-	-	-	-	-	-	-	-
Amortization	39,721	62,628	407,794	14,429	561	-	34,942	15,064	19,794	-	594,933
TOTAL EXPENSES	933,216	1,007,245	1,207,319	332,943	214,929	375,162	217,010	100,328	96,581	-	4,484,733
ANNUAL SURPLUS (DEFICIT)	\$ (896,417)	\$ (792,941)	\$ (834,696)	\$ (147,291)	\$ (214,102)	\$ (375,162)	\$ (187,824)	\$ (90,941)	\$ (24,746)	\$ 4,389,132	\$ 825,012

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

18. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement included 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.

The Corporation of the Municipality of Magnetawan withdrew from the agreement effective June 9, 2022 and the Corporation of the Municipality of Powassan withdrew effective December 31, 2022. The assets, liabilities and surplus at the time of withdrawal were retained by ACED.

In 2022 the Municipality recorded net revenue of \$2,600 as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 15.

19. 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	\$ (706,211)
Decrease in Almaguin Community Economic Development operating surplus	(501)
Decrease in Joint Waste Management Committee operating surplus	(1,911)
Decrease in consolidated reserves and reserve funds	(623,500)
ADJUSTMENTS:	
Acquisition of tangible capital assets	3,858,119
Amortization of tangible capital assets	(608,994)
Decrease in municipal debt	75,897
ANNUAL SURPLUS	\$ 1,992,899

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

20. 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, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million with respect to benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 was \$108,702 (2021 \$109,392) for current and prior-year service and is included as an expense on the Consolidated Statement of Operations.

21. 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.