
THE CORPORATION OF THE TOWN OF KEARNEY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

THE CORPORATION OF THE TOWN OF KEARNEY
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Independent Auditor's Report

Doane Grant Thornton LLP
Suite 400
222 McIntyre Street W
North Bay, ON
P1B 2Y8

T +1 705 472 6500
F +1 705 472 7760

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Kearney ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Kearney as at December 31, 2024, 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 Municipality 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes 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.

Doane Grant Thornton LLP

North Bay, Canada
June 12, 2025

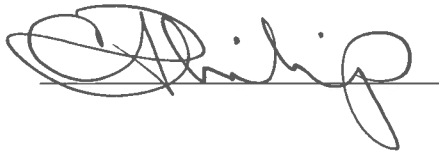
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF KEARNEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash (Note 5)	\$ 3,256,902	\$ 3,460,626
Investments (Note 6)	145,523	141,450
Taxes receivable (Note 7)	445,919	330,940
Accounts receivable	278,933	508,570
Inventories held for resale	-	2,257
	4,127,277	4,443,843
LIABILITIES		
Accounts payable and accrued liabilities	537,778	917,082
Deferred revenue-general (Note 8)	89,534	324,621
Deferred revenue-obligatory reserve funds (Note 9)	101,648	190,446
Employee benefits payable (Note 10)	37,069	24,348
Long-term debt (Note 11)	62,977	81,368
Asset retirement obligations (Note 13)	433,976	395,023
	1,262,982	1,932,888
NET FINANCIAL ASSETS	2,864,295	2,510,955
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 15)	15,116,772	14,547,742
Inventories of supplies	167,025	147,506
Prepaid expenses	25,527	23,044
	15,309,324	14,718,292
ACCUMULATED SURPLUS (Note 16)	\$ 18,173,619	\$ 17,229,247

Contingencies (see Notes 3 and 14)

APPROVED ON BEHALF OF COUNCIL:

 Mayor

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KEARNEY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024 (see Note 18)	Actual 2024	Actual 2023
REVENUE			
Property taxes	\$ 3,979,007	\$ 4,080,317	\$ 3,768,809
User charges	133,447	134,483	135,174
Government transfers	1,731,583	1,684,491	1,824,516
Loss on disposal of tangible capital assets	-	(163,680)	(235,481)
Other	763,194	321,037	554,626
TOTAL REVENUE	6,607,231	6,056,648	6,047,644
EXPENSES			
General government	1,069,212	1,000,386	1,047,592
Protection to persons and property	1,040,422	1,057,634	1,155,968
Transportation services	1,709,544	1,570,329	1,374,781
Environmental services	447,135	478,015	353,354
Health services	168,475	170,475	158,493
Social and family services	348,467	348,628	316,707
Recreation and cultural services	491,559	466,873	406,312
Planning and development	91,400	19,936	10,034
TOTAL EXPENSES	5,366,214	5,112,276	4,823,241
ANNUAL SURPLUS (Note 16)	1,241,017	944,372	1,224,403
ACCUMULATED SURPLUS, BEGINNING OF YEAR	17,229,247	17,229,247	16,004,844
ACCUMULATED SURPLUS, END OF YEAR	\$ 18,470,264	\$ 18,173,619	\$ 17,229,247

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KEARNEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024 (see Note 18)	Actual 2024	Actual 2023
Annual surplus	\$ 1,241,017	\$ 944,372	\$ 1,224,403
Acquisition of tangible capital assets	(2,017,804)	(1,684,318)	(2,892,217)
Contributed tangible capital assets -net	-	252	(201)
Revaluation of tangible capital assets - ARO	-	(10,856)	(78,207)
Amortization of tangible capital assets	926,635	926,635	765,879
Loss on disposal of tangible capital assets	-	163,680	235,481
Proceeds from disposal of tangible capital assets	-	35,577	100
Change in supplies inventories	-	(19,519)	43,986
Change in prepaid expenses	-	(2,483)	(4,934)
Increase (decrease) in net financial assets	149,848	353,340	(705,710)
Net financial assets, beginning of year	2,510,955	2,510,955	3,216,665
Net financial assets, end of year	\$ 2,660,803	\$ 2,864,295	\$ 2,510,955

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KEARNEY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
Operating transactions		
Annual surplus	\$ 944,372	\$ 1,224,403
Non-cash charges to operations:		
Amortization of tangible capital assets	926,635	765,879
Accretion expense on ARO liability	14,870	13,348
Revaluation of tangible capital assets - ARO	(10,856)	(78,207)
Change in ARO liability excluding accretion and settlements	24,674	83,590
Contributed tangible capital assets - net	252	(201)
(Gain) loss on disposal of tangible capital assets	163,680	235,481
Change in employee benefits payable	12,721	(4,991)
	2,076,348	2,239,302
Changes in non-cash items:		
Taxes receivable	(114,979)	(36,098)
Accounts receivable	229,637	(46,037)
Inventories held for resale	2,257	(2,257)
Accounts payable and accrued liabilities	(379,304)	(46,499)
Deferred revenue-general	(235,087)	87,150
Deferred revenue-obligatory reserve funds	(88,798)	32,348
Settlement of asset retirement obligations	(591)	(11,878)
Inventories of supplies	(19,519)	43,986
Prepaid expenses	(2,483)	(4,934)
	(608,867)	15,781
Cash provided by operating transactions	1,467,481	2,255,083
Capital transactions		
Acquisition of tangible capital assets	(1,684,318)	(2,892,217)
Proceeds from disposal of tangible capital assets	35,577	100
Cash applied to capital transactions	(1,648,741)	(2,892,117)
Investing transactions		
Change in investments	(4,073)	(6,781)
Cash applied to investing transactions	(4,073)	(6,781)
Financing transactions		
Debt principal repayments	(18,391)	(23,709)
Cash applied to financing transactions	(18,391)	(23,709)
Net change in cash	(203,724)	(667,524)
Cash, beginning of year	3,460,626	4,128,150
Cash, end of year	\$ 3,256,902	\$ 3,460,626
Cash flow supplementary information:		
Cash paid for interest	\$ 3,558	\$ 4,442

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Town of Kearney (the "Town") 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 Town 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:

Kearney & Area Public Library

The following local committee is proportionally consolidated:

-Kearney-Perry Joint Waste Management Committee

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

Eastholme, District of Parry Sound (East) Home for the Aged

(iii) Accounting for school board transactions

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer. Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer. Revenue from transactions with no performance obligations is recognized when the Town has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset. 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) Investments

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 the acquisition, construction, development or betterment of the asset, as well as any asset retirement obligations related to 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 to 60 years
Buildings - 15 to 95 years
Machinery, equipment and furniture - 10 to 20 years
Computer hardware and software - 2 to 10 years
Vehicles - 10 to 25 years
Roads - 3 to 50 years
Bridges and culverts - 25 to 60 years
Library books - 5 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.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (iv) (b) Inventories of supplies
Inventories held for consumption are recorded at the lower of cost and replacement cost.
- (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 Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Town 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 Town 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 Town accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued as the employees render the services necessary to earn the benefits.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Financial instruments

Financial instruments are classified as either fair value, amortized cost or cost.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Financing fees and transaction costs on financial instruments measured at fair value are expensed as incurred. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Consolidated Statement of Operations. A Consolidated Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. The effective interest rate method allocates interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Consolidated Statement of Operations.

Financial liabilities (or part of a financial liability) are removed from the Consolidated Statement of Financial Position when, and only when, they are discharged, cancelled or expire.

The Town's financial instruments are measured according to the following methods:

<u>Financial instrument</u>	<u>Measurement method</u>
Cash	Amortized cost
Investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xi) Asset retirement obligations

A liability for an asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. When an asset retirement obligation is initially recognized, a corresponding asset retirement cost is added to the carrying value of the related capital asset when it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(xii) 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 Town 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, estimated costs and timing of asset retirement obligations and supplementary taxes. Actual results could differ from these estimates.

There is a measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$433,976. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

2. CHANGE IN ACCOUNTING POLICIES - ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2024, the Town adopted Public Sector Accounting Standard PS 3400 - Revenue. New Section PS 3400 establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The Town has adopted this new standard prospectively. The adoption of this new standard had no impact on the opening balances.

On January 1, 2024, the Town adopted new Public Sector Guideline PSG-8 - Purchased Intangibles. The main features of PSG-8 include a definition of purchased intangibles (which does not include those received through government transfer, contribution or inter-entity transactions), examples of items that are not purchased intangibles, reference to other guidance in the Handbook on intangibles and reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles. The Town has adopted this new guideline prospectively. The adoption of this new guideline had no impact on the Town's consolidated financial statements.

On January 1, 2024, the Town adopted Public Sector Accounting Standard PS 3160 - Public Private Partnerships. New Section PS 3160 establishes standards on how to account for partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. Infrastructure typically includes items such as tangible capital assets (i.e., complex network systems), but may also include items that are intangible in nature. The Municipality has adopted this new standard prospectively. The adoption of this new standard had no impact on the Town's consolidated financial statements.

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2024	2023
District of Parry Sound Social Services Administration Board	\$ 177,021	\$ 169,625
North Bay Parry Sound District Health Unit	28,376	27,548
Eastholme, District of Parry Sound (East) Home for the Aged	139,276	133,884
	\$ 344,673	\$ 331,057

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

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

4. TRANSACTIONS ON BEHALF OF SCHOOL BOARDS

During the year, \$639,633 of taxation was levied on behalf of school boards (2023 - \$632,093).

5. CASH

Cash is comprised of:

	2024	2023
Unrestricted cash	\$ 3,155,254	\$ 3,270,180
Restricted cash	101,648	190,446
	\$ 3,256,902	\$ 3,460,626

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

6. INVESTMENTS

Investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from 2.65% to 3.40% and maturing between August 8, 2025 and October 28, 2025.

7. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2024	2023
Taxes and amounts added for collection purposes-current year	\$ 354,077	\$ 257,583
Penalties and interest-current year	12,106	8,647
Taxes and amounts added for collection purposes-previous year	43,660	30,615
Penalties and interest-previous year	5,227	3,319
Taxes and amounts added for collection purposes-prior years	25,096	27,414
Penalties and interest-prior years	5,753	3,362
	\$ 445,919	\$ 330,940

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

8. DEFERRED REVENUE -GENERAL

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

	2024	2023
Balance, beginning of year:		
Kearney Dog Sled Races	\$ 8,870	\$ 6,775
Kearney & Area Public Library	-	10,000
Northern Ontario Resource Development Support (NORDS)	301,278	199,234
Ontario Cannabis Legalization Implementation Fund	3,300	7,172
Other Town of Kearney	11,173	14,290
	324,621	237,471
Deferred during the year:		
Kearney Dog Sled Races	1,700	8,870
Northern Ontario Resource Development Support (NORDS)	82,005	88,896
Building permits	61,184	-
Other Town of Kearney	7,252	11,173
Interest earned	4,554	13,148
	156,695	122,087
Recognized in revenue during the year	(391,782)	(21,147)
Refunded during the year	-	(13,790)
Balance, end of year	\$ 89,534	\$ 324,621
Kearney Dog Sled Races	\$ 1,700	\$ 8,870
Northern Ontario Resource Development Support (NORDS)	16,816	301,278
Ontario Cannabis Legalization Implementation Fund	2,759	3,300
Building permits	61,184	-
Other Town of Kearney	7,075	11,173
Balance, end of year	\$ 89,534	\$ 324,621

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

9. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Town receives payments in lieu of parkland under the Planning Act, federal Community-Building (previously gas tax) funding under an agreement with the Association of Municipalities of Ontario and Ontario Community Infrastructure Fund funding under an agreement with the Ministry of Infrastructure. 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 Town has approved eligible expenditures for park and other public recreation purposes. Community-Building and Ontario Community Infrastructure Fund revenue recognition occurs when the Town 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:

	2024	2023
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 29,285	\$ 14,072
Ontario Community Infrastructure Fund	99,621	31,523
Community-Building	61,540	112,503
	190,446	158,098
Received during the year:		
Recreational land (the Planning Act)	5,400	14,400
Ontario Community Infrastructure Fund	202,643	176,211
Community-Building	62,117	58,378
Interest earned	13,150	11,889
	283,310	260,878
Recognized in revenue during the year	(372,108)	(228,530)
Balance, end of year	\$ 101,648	\$ 190,446
Recreational land (the Planning Act)	\$ 36,160	\$ 29,285
Ontario Community Infrastructure Fund	36,268	99,621
Community-Building	29,220	61,540
Balance, end of year	\$ 101,648	\$ 190,446

10. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, employees covered by the Town's collective agreement with the Canadian Union of Public Employees are entitled to accumulate unused sick leave to a maximum of 45 days and are entitled to a cash payment of one-half of their accumulated time, to a maximum of 20 days, when they leave the Town's employment. Sick leave benefits for management employees are negotiated on an individual basis. The sick leave benefit liability estimates the 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 \$37,069 (2023 - \$24,348) at the end of the year.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

11. LONG-TERM DEBT

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

	2024	2023
Ontario Infrastructure Projects Corporation serial debenture, due June 2030, repayable in semi-annual payments of \$6,597, including interest calculated at 4.88%	\$ 62,977	\$ 72,739
Royal Bank of Canada term loan, fully repaid in the year	-	8,629
	\$ 62,977	\$ 81,368

(b) Future estimated principal and interest payments on long-term debt are as follows:

	Principal	Interest
2025	\$ 10,244	\$ 2,950
2026	10,750	2,444
2027	11,281	1,913
2028	11,839	1,356
2029	12,423	770
2030 onwards	6,440	157
	\$ 62,977	\$ 9,590

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

	2024	2023
Principal payments	\$ 18,391	\$ 23,709
Interest	3,558	4,442
	\$ 21,949	\$ 28,151

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

12. FINANCIAL INSTRUMENTS

Risks arising from financial instruments and risk management

The Town is exposed to various risks through its financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Town if a debtor fails to honour its contractual obligations. The Town is exposed to this risk as a result of its cash, investments and accounts receivable. The carrying amounts of these financial assets on the Consolidated Statement of Financial Position represent the maximum credit risk of the Town as at the reporting date.

The Town holds its cash and investments with a federally regulated chartered bank and a provincially regulated credit union who are insured, respectively, by the Canadian Deposit Insurance Corporation ("CDIC") and the Financial Services Regulatory Authority of Ontario ("FSRA"). The CDIC insurance is up to \$100,000 per deposit account and the FSRA insurance is up to \$250,000 in aggregate.

Accounts receivable are primarily due from other levels of government and municipal ratepayers. Credit risk is mitigated by the financial solvency of the governments, the highly diversified nature of the ratepayer population and the potential for the Town to transfer unpaid ratepayer receivables to taxes receivable. The amounts outstanding at year-end were as follows:

2024				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 72,868	\$ 8,000	\$ -	\$ 80,868
Provincial	103,519	26,718	-	130,237
Other municipalities	1,792	-	-	1,792
Ratepayers - planning-related	-	-	65,537	65,537
Other	499	-	30,150	30,649
Valuation allowance	-	-	(30,150)	(30,150)
Net receivables	\$ 178,678	\$ 34,718	\$ 65,537	\$ 278,933

2023				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 165,682	\$ 80,000	\$ -	\$ 245,682
Provincial	186,310	20,000	-	206,310
Other municipalities	1,000	-	-	1,000
Ratepayers - planning-related	-	-	46,830	46,830
Other	8,748	-	30,150	38,898
Valuation allowance	-	-	(30,150)	(30,150)
Net receivables	\$ 361,740	\$ 100,000	\$ 46,830	\$ 508,570

There have been no significant changes from the previous year in exposure to credit risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they become due. The Town is exposed to this risk with respect to its accounts payable and accrued liabilities and long-term debt. The Town maintains sufficient cash balances to meet its obligations, and does not believe it is subject to significant liquidity risk.

The table below sets out the payable dates of the Town's accounts payable and accrued liabilities. This includes planning-related accounts which have an indeterminate payable date as they are settled when the related planning application has been finalized. The long-term debt repayment schedule is disclosed in Note 11.

2024					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 312,020	\$ 77,380	\$ -	\$ 148,378	\$ 537,778

2023					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 738,913	\$ 63,339	\$ -	\$ 114,830	\$ 917,082

There have been no significant changes from the previous year in exposure to liquidity risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Town is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town is exposed to interest rate risk on its interest-bearing investments and long-term debt. Fixed-rate instruments subject the Municipality to a fair value risk.

There have been no significant changes from the prior year in exposure to market risk or the policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

13. ASSET RETIREMENT OBLIGATIONS

The Town has recorded asset retirement obligations with respect to its landfill closure and post-closure care requirements, which have been defined in accordance with industry standards and include final cover and landscaping of the landfill site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection.

When initially recording this obligation, the estimated present value of future cash flows for closure and post-closure costs for active sites are capitalized to the carrying amount of the associated assets, and amortized over the operating life of the site, in proportion to its utilized capacity. Subsequent revisions to the estimated cost are also capitalized and amortized as part of the asset. When a site becomes inactive, the related assets are derecognized. For both active and inactive sites, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

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

The Town of Kearney landfill site stopped accepting waste in 2001 and is now in the monitoring stage. The liability for this site represents the total discounted future cash flows for post-closure care using an estimated long-term borrowing rate of 3.54% (2023 - 4.14%) and inflation rate of 2.6% (2023 - 2.6%). Post-closure care is estimated to be required until 2027 (2023 - 2026).

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 site represents the total discounted future cash flows for closure and post-closure care using an estimated long-term borrowing rate of 4.37% (2023 - 4.37%) and inflation rate of 2.6% (2023 - 2.6%). The estimated remaining capacity of the site is approximately 93,200 (2023 - 95,000) cubic metres, estimated to be filled in 52 years (2023 - 53 years). Post-closure care is estimated to be required for a period of 25 years. The Committee has closure reserves of \$293,530 (2023 \$309,382) to fund this liability.

The continuity of the asset retirement obligation for these sites is shown below:

	2024	2023
Balance, beginning of year - as previously reported	\$ 395,023	\$ 109,631
Adjustment due to change in accounting policy	-	200,332
Increase in liability reflecting changes in the estimated cash flows, inflation and discount rate	25,475	82,991
Increase in liability due to accretion (the passage of time)	14,870	13,348
Decrease in liability due to settlement	(591)	(11,878)
Increase (decrease) in liability due to change in the Town's proportionate share	(801)	599
Balance, end of year	\$ 433,976	\$ 395,023

14. CONTINGENCIES

The Town is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Town 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 TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

15. TANGIBLE CAPITAL ASSETS

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

2024							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads, Bridges and Other Structures	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,831,464	\$ 2,537,543	\$ 1,262,755	\$ 3,021,479	\$ 21,232,951	\$ 237,651	\$ 30,123,843
Additions and betterments	29,045	68,017	388,070	207,187	949,560	42,439	1,684,318
Contributed assets	(541)	(34)	84	-	-	-	(491)
Revaluation of tangible capital assets - ARO	10,856	-	-	-	-	-	10,856
Disposals and writedowns	(71,321)	(23,860)	(71,262)	(316,096)	(304,028)	(123,860)	(910,427)
Transfer between classes	-	-	74,855	-	38,936	(113,791)	-
BALANCE, END OF YEAR	1,799,503	2,581,666	1,654,502	2,912,570	21,917,419	42,439	30,908,099
ACCUMULATED AMORTIZATION							
Balance, beginning of year	367,743	499,450	578,174	1,109,709	13,021,025	-	15,576,101
Annual amortization	84,447	85,315	94,316	202,790	459,767	-	926,635
Accumulated amortization - contributed assets	(157)	(12)	(70)	-	-	-	(239)
Amortization disposals	(71,321)	(8,790)	(70,596)	(289,675)	(270,788)	-	(711,170)
BALANCE, END OF YEAR	380,712	575,963	601,824	1,022,824	13,210,004	-	15,791,327
TANGIBLE CAPITAL ASSETS-NET	\$ 1,418,791	\$ 2,005,703	\$ 1,052,678	\$ 1,889,746	\$ 8,707,415	\$ 42,439	\$ 15,116,772

2023							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads, Bridges and Other Structures	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,534,328	\$ 1,242,540	\$ 1,037,116	\$ 2,427,040	\$ 21,112,092	\$ 812,356	\$ 28,165,472
Additions and betterments	261,857	1,004,712	324,537	880,561	238,753	181,797	2,892,217
Contributed assets	391	34	86	-	-	-	511
Revaluation of tangible capital assets - ARO	78,207	-	-	-	-	-	78,207
Disposals and writedowns	(43,319)	(466,245)	(98,984)	(286,122)	(117,894)	-	(1,012,564)
Transfer between classes	-	756,502	-	-	-	(756,502)	-
BALANCE, END OF YEAR	1,831,464	2,537,543	1,262,755	3,021,479	21,232,951	237,651	30,123,843
ACCUMULATED AMORTIZATION							
Balance, beginning of year	380,848	734,752	599,440	1,165,497	12,706,358	-	15,586,895
Annual amortization	27,440	52,563	72,017	181,297	432,562	-	765,879
Accumulated amortization - contributed assets	231	11	68	-	-	-	310
Amortization disposals	(40,776)	(287,876)	(93,351)	(237,085)	(117,895)	-	(776,983)
BALANCE, END OF YEAR	367,743	499,450	578,174	1,109,709	13,021,025	-	15,576,101
TANGIBLE CAPITAL ASSETS-NET	\$ 1,463,721	\$ 2,038,093	\$ 684,581	\$ 1,911,770	\$ 8,211,926	\$ 237,651	\$ 14,547,742

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

16. ACCUMULATED SURPLUS

The 2024 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 funds	\$ 308,562	\$ (2,000)	\$ 306,562
Election	4,075	4,075	8,150
Sick leave	31,212	(6,864)	24,348
Municipal capital	445,784	-	445,784
Municipal buildings	84,338	316,274	400,612
Bridges and culverts	922,405	240,000	1,162,405
Roads equipment	298,676	-	298,676
Fire equipment	3,489	-	3,489
CUPE negotiations	9,975	(9,975)	-
UFCW negotiations	5,883	2,500	8,383
Muskoka Algonquin Hospital	108,750	108,750	217,500
Recreation and culture	203,848	6,177	210,025
Boat launch	-	60,344	60,344
Dog sled races	17,721	1,623	19,344
Regatta	19,974	(1,630)	18,344
Kearney Community Centre	14,541	856	15,397
Library Board	10,888	(4,794)	6,094
Joint Waste Management Committee (2024: 44.2%; 2023: 44.3%)	197,914	(5,255)	192,659
Ralph Bice reserve fund	10,528	(462)	10,066
	2,698,563	709,619	3,408,182
OTHER			
Consolidated tangible capital assets	14,547,742	569,030	15,116,772
General operating surplus -			
Town	475,871	(304,973)	170,898
Library Board	7,810	(89)	7,721
Joint Waste Management Committee (2024: 44.2%; 2023: 44.3%)	-	4,068	4,068
Unfunded amounts -			
Long-term debt	(81,368)	18,391	(62,977)
Employee benefits	(24,348)	(12,721)	(37,069)
Asset retirement obligations	(395,023)	(38,953)	(433,976)
	\$ 17,229,247	\$ 944,372	\$ 18,173,619

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Town 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 Town'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, emergency measures and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract. The fire department provides vital emergency services to the community including fire prevention, public education and emergency planning.

Transportation Services

Transportation services include work relating to the planning, development and maintenance of roadway systems (including winter control activities) and street lighting.

Environmental Services

This segment includes solid waste collection, disposal and recycling services. The Town contracts its recycling services.

Health Services

This segment includes contracted ambulance services 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 and recreation facilities.

Library

This segment includes the consolidated library transactions of the Town 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 Town's annual Ontario Municipal Partnership Fund grant.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,080,317	\$ 4,080,317
User charges	2,729	10,843	14,229	37,112	-	-	59,260	-	10,310	-	134,483
Government transfers -											
Canada	-	-	99,000	-	-	-	-	-	-	-	99,000
Ontario	4,038	2,793	644,129	84,092	-	24,165	96,335	4,772	-	720,600	1,580,924
Other municipalities	-	4,567	-	-	-	-	-	-	-	-	4,567
Gain (loss) on disposal of capital assets	-	1,066	(120,199)	1,369	-	(15,069)	(30,847)	-	-	-	(163,680)
Other	500	15,466	39,844	19,049	-	271	21,957	6,624	-	217,326	321,037
TOTAL REVENUE	7,267	34,735	677,003	141,622	-	9,367	146,705	11,396	10,310	5,018,243	6,056,648
EXPENSES											
Salaries, wages and benefits	517,076	358,179	477,867	105,819	-	-	115,431	45,733	-	-	1,620,105
Long-term debt charges (interest)	-	3,432	126	-	-	-	-	-	-	-	3,558
Materials	113,366	188,754	396,624	45,379	-	10,784	116,536	10,184	185	-	881,812
Contracted services	340,039	410,681	29,096	246,596	134,092	2,615	38,851	197	18,621	-	1,220,788
Rents and financial expenses	4,916	5,429	49,726	4,178	-	-	17,392	142	1,130	-	82,913
External transfers	6,915	-	-	-	36,383	316,297	2,000	-	-	-	361,595
Amortization	18,074	91,159	616,890	61,173	-	18,932	106,946	13,461	-	-	926,635
Accretion of ARO liability	-	-	-	14,870	-	-	-	-	-	-	14,870
TOTAL EXPENSES	1,000,386	1,057,634	1,570,329	478,015	170,475	348,628	397,156	69,717	19,936	-	5,112,276
ANNUAL SURPLUS (DEFICIT)	\$ (993,119)	\$ (1,022,899)	\$ (893,326)	\$ (336,393)	\$ (170,475)	\$ (339,261)	\$ (250,451)	\$ (58,321)	\$ (9,626)	\$ 5,018,243	\$ 944,372

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,768,809	\$ 3,768,809
User charges	4,740	27,593	11,542	32,078	-	-	49,477	144	9,600	-	135,174
Government transfers -											
Canada	-	-	117,207	-	-	-	75,094	-	-	-	192,301
Ontario	30,962	6,627	111,323	96,350	-	12,825	627,582	6,018	-	735,400	1,627,087
Other municipalities	-	5,128	-	-	-	-	-	-	-	-	5,128
Loss on disposal of capital assets	-	(49,730)	-	(2,542)	-	(6,989)	(176,083)	(137)	-	-	(235,481)
Other	125	200,162	4,349	(4,604)	-	111	16,986	20,295	-	297,994	554,626
TOTAL REVENUE	35,827	189,780	244,421	140,490	-	5,947	593,056	26,320	9,600	4,802,203	6,047,644
EXPENSES											
Salaries, wages and benefits	657,995	536,375	404,022	85,254	-	-	101,397	26,106	-	-	1,811,149
Long-term debt charges (interest)	-	3,892	550	-	-	-	-	-	-	-	4,442
Materials	137,937	171,613	371,604	28,139	-	28	133,614	6,801	255	-	849,991
Contracted services	231,359	361,473	23,047	216,483	128,342	1,728	40,723	1,522	9,779	-	1,014,456
Rents and financial expenses	5,583	3,542	6,624	-	-	-	11,014	118	-	-	26,881
External transfers	3,435	-	-	-	30,151	303,509	-	-	-	-	337,095
Amortization	11,283	79,073	568,934	10,130	-	11,442	72,736	12,281	-	-	765,879
Accretion of ARO liability	-	-	-	13,348	-	-	-	-	-	-	13,348
TOTAL EXPENSES	1,047,592	1,155,968	1,374,781	353,354	158,493	316,707	359,484	46,828	10,034	-	4,823,241
ANNUAL SURPLUS (DEFICIT)	\$ (1,011,765)	\$ (966,188)	\$ (1,130,360)	\$ (212,864)	\$ (158,493)	\$ (310,760)	\$ 233,572	\$ (20,508)	\$ (434)	\$ 4,802,203	\$ 1,224,403

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

18. 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. For unbudgeted items (amortization of tangible capital assets and asset retirement obligation accretion), the actual amounts for 2024 were used to adjust the reported budget amounts. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (475,871)
Decrease in Library Board operating surplus	(7,810)
Increase in consolidated reserves and reserve funds	581,342
ADJUSTMENTS:	
Acquisition of tangible capital assets	2,017,804
Amortization of tangible capital assets	(926,635)
Accretion of asset retirement obligations	(14,870)
Settlement of asset retirement obligations	48,666
Decrease in long-term debt	18,391
ANNUAL SURPLUS	\$ 1,241,017

19. PENSION AGREEMENTS

The Town 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, 2024. The results of this valuation disclosed total actuarial liabilities of \$142,489 million with respect to benefits accrued for service with actuarial assets at that date of \$139,576 million indicating an actuarial deficit of \$2,913 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 Town does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2024 was \$96,828 (2023 - \$80,682) for current and prior-year service and is included as an expense on the Consolidated Statement of Operations.

20. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Town purchased materials in the amount of \$20,546 (2023 - \$23,175) from a company owned by a Councillor. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

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.

