TOWN OF KEARNEY
AGENDA

REGULAR COUNCIL MEETING
Council Chambers
Thursday, September 21, 2023 – 6:00 p.m.

A Moment of Silence may be observed, as requested

1. **Call the Meeting to Order**

2. **Approval of Agenda**

3. **Disclosure of Interest**
   [At this time, Members of Council shall declare pecuniary interest, if any, with items on the agenda.]

4. **Delegations/Presentations**
   4.1. Muskoka Watershed Council director re: 2023 Muskoka Watershed Report Card
   4.2. Auditors Report & Presentation 2022 Year End

5. **Consent List**
   5.1 Council Minutes September 7, 2023 Regular Council Meeting
   5.2 Payment Register
   5.3 Cloud Permit Cancellation Report
   5.4 Transfer Station Report

6. **Items Referred from the Consent List**

7. **Items for Discussion**
   7.1. Change of Council Meeting Dates for November and December 2023
   7.2. AMCTO Zone 7 Fall Meeting in Sault Ste. Marie
   7.3. 2024 ROMA Attendance
   7.4. Janet Dunsmore – Appointment to Recreation Committee
   7.5. King William Transfer Station Report re: MOL order
   7.6. Road Maintenance Agreement Report and Letter from the Municipal Solicitor
   7.7. Support Resolution Request: Municipality of Magnetawan MTO road closure requirements

8. **New Business**

9. **Talk to the Mayor**
   [This open forum provides members of the public a two-minute opportunity to address the Mayor on matters of public interest. Item discussed during this time will not be included in the Council minutes.]

10. **Closed Session**
    Under Section 239 of the Municipal Act, Council moved into closed session under the following subsections:
    (2)(d) Labour Relations or Employee Negotiations; and
    (2)(b) Personal Matters about an identifiable individual.

11. **Confirming By-Law**

12. **Adjournment**

Muskoka
WATERSHED COUNCIL

2023 UPDATE FOR MUNICIPAL COUNCILS

Geoff Ross
Past Chair, MWC

September 21, 2023

Town of Kearney Council

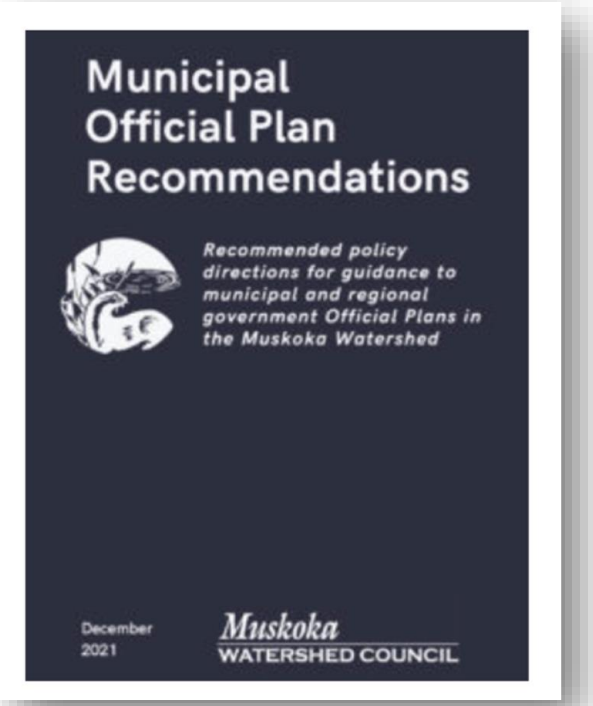
TODAY

- Who we are
- A look at some of the data coming out of our 2023 Watershed Report Card
- Our future plans, including how you can engage

Muskoka WATERSHED COUNCIL

WHO WE ARE

- Not-for-profit Muskoka environmental organization w/ 20+ years of service to the community
- Volunteer driven
- Only environmental group in Muskoka providing non-partisan, apolitical, science based advice to municipalities on environmental issues



Muskoka
WATERSHED COUNCIL

OUR MISSION

To empower our community to protect and enhance watershed health through;

1. Outreach, communication, & hands-on stewardship
2. Providing policy advice & information to municipalities and the broader community
3. Contributing to environmental knowledge

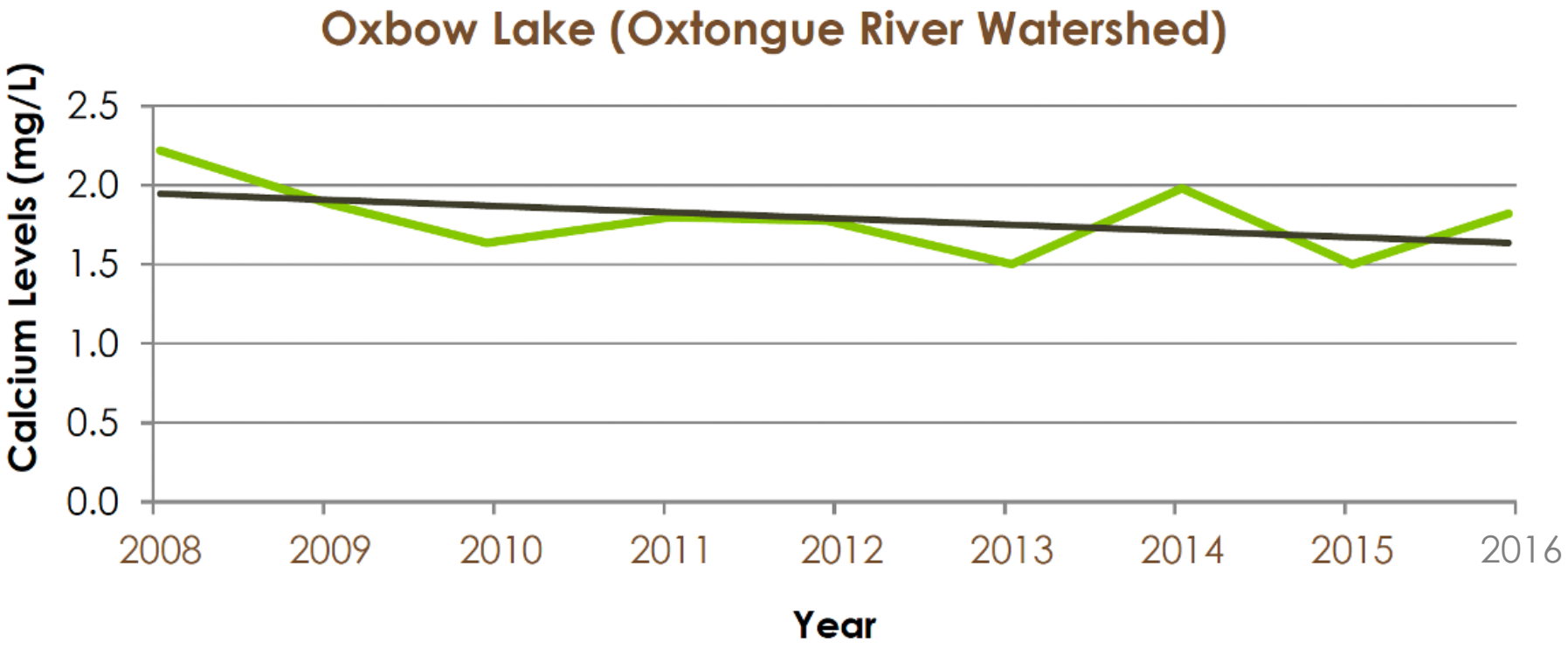
Muskoka WATERSHED COUNCIL

2023 REPORT CARD

- 6th report card since 2004
- Produced every 5 years
- Concerning trends
- More effective management is required



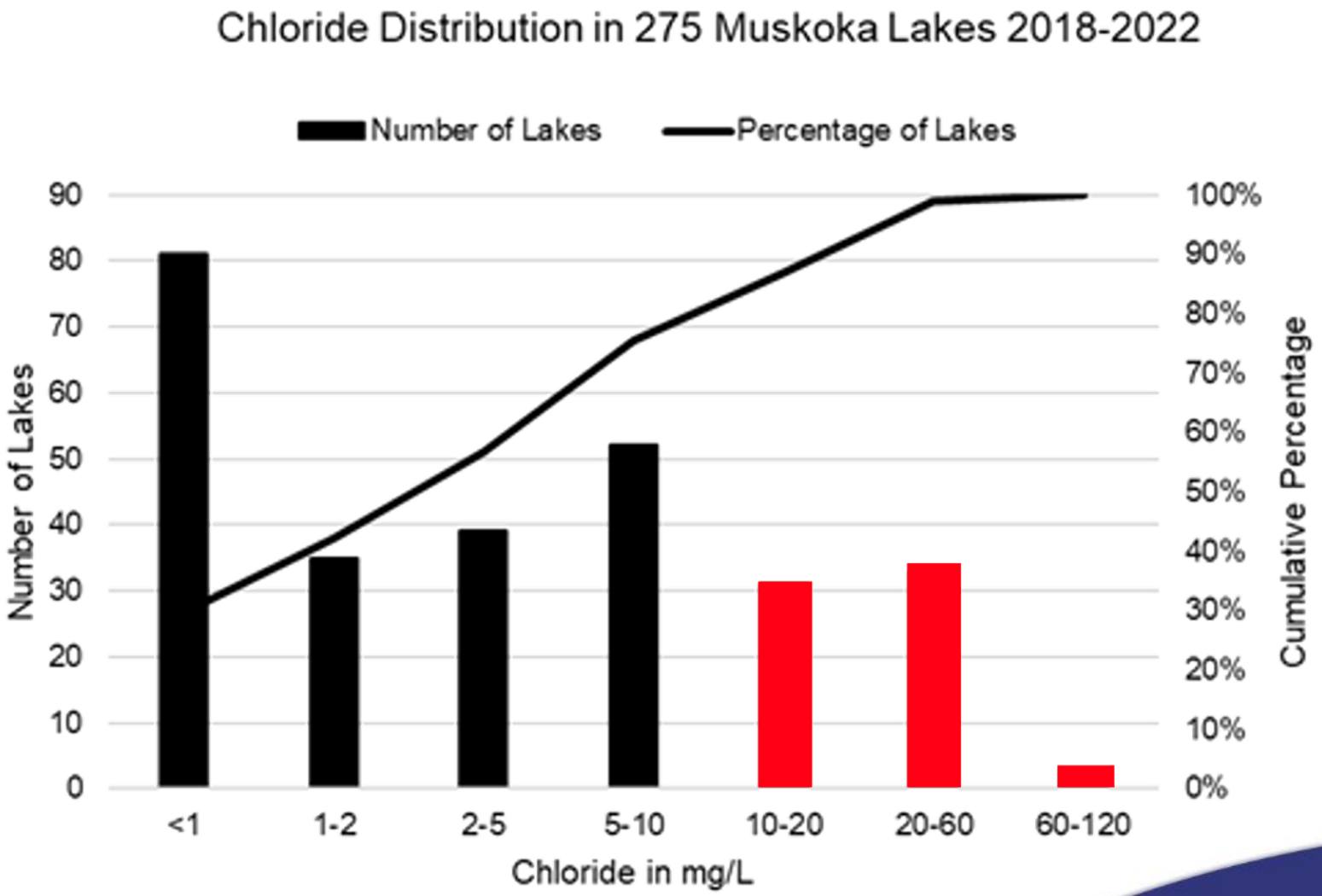
Muskoka
WATERSHED COUNCIL



Our lakes are losing calcium

In 2016:
187 lakes (56%) of 334 lakes sampled below 2.5 mg/L min threshold

Muskoka WATERSHED COUNCIL

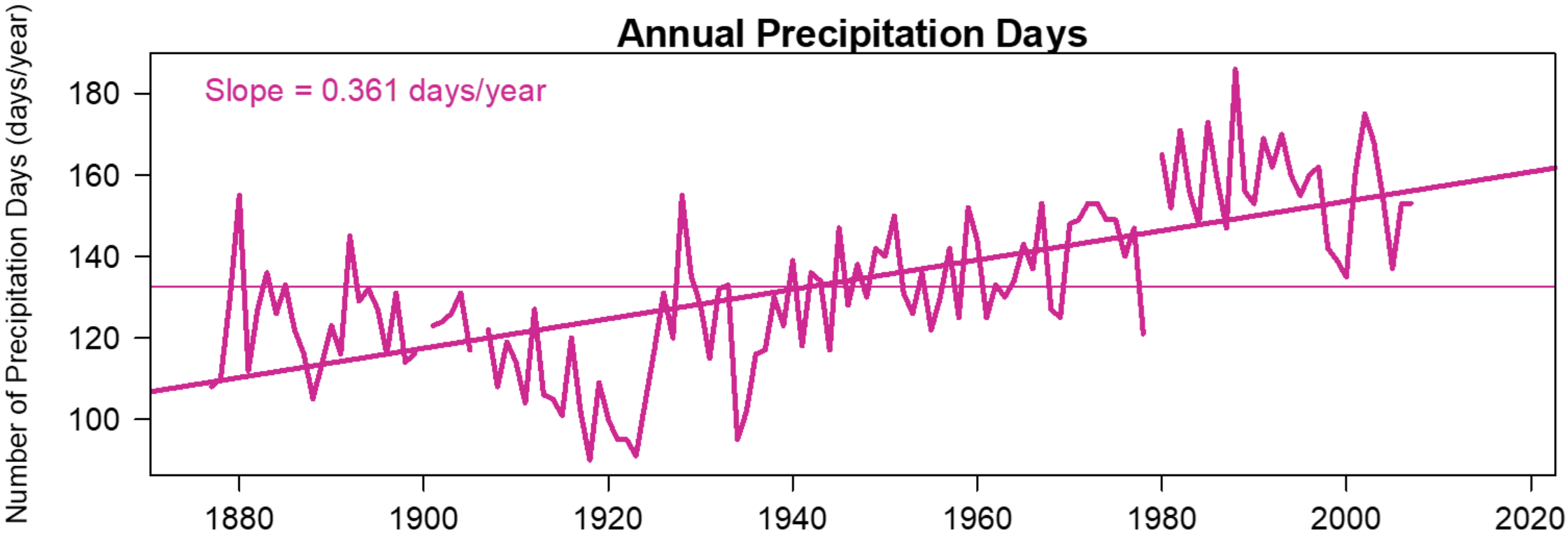


Our lakes are getting saltier

In 2022:

68 lakes (25%) of 275 lakes sampled above max threshold of 10 mg/L max

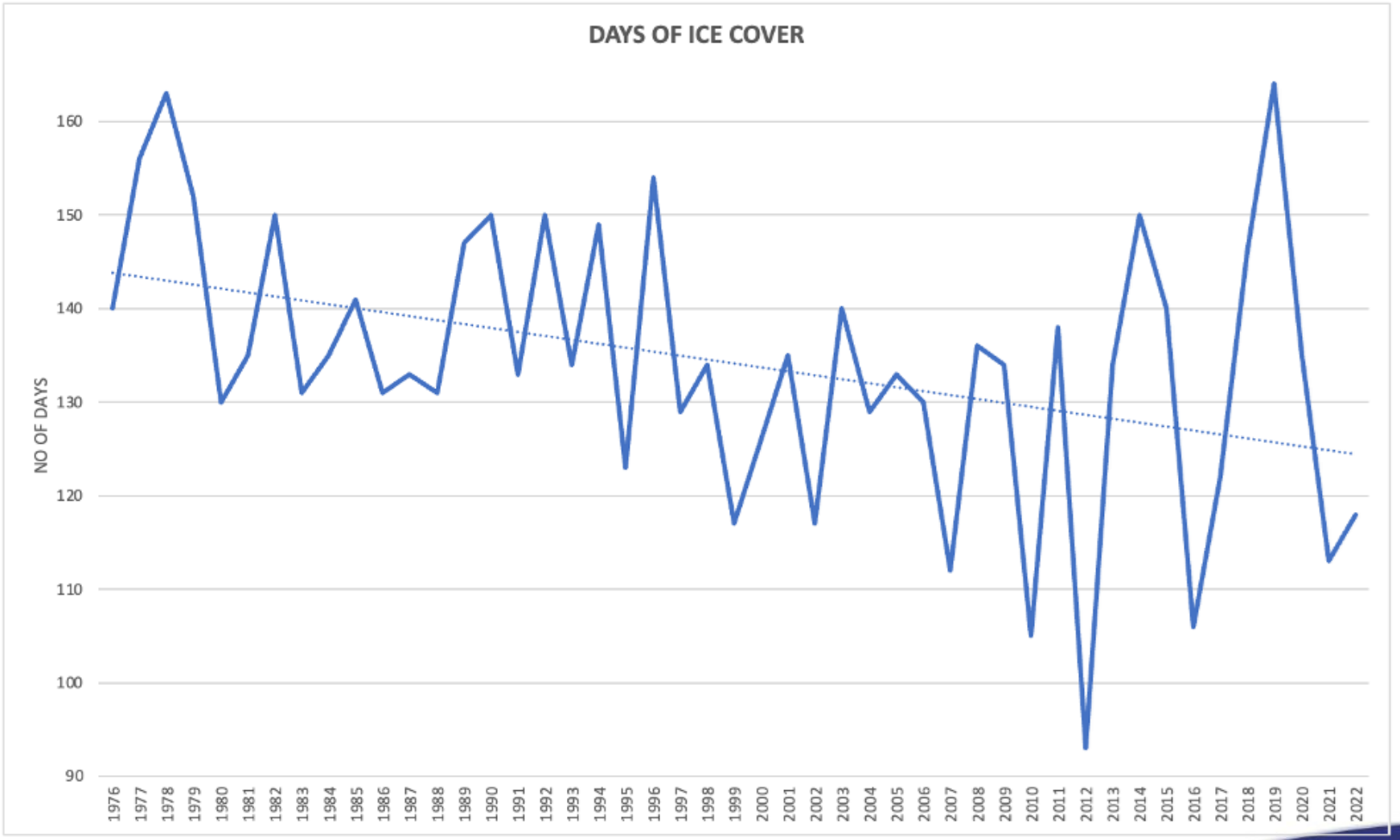
Muskoka WATERSHED COUNCIL



Receiving more rain

Since 1923:
average 36 more days of rain

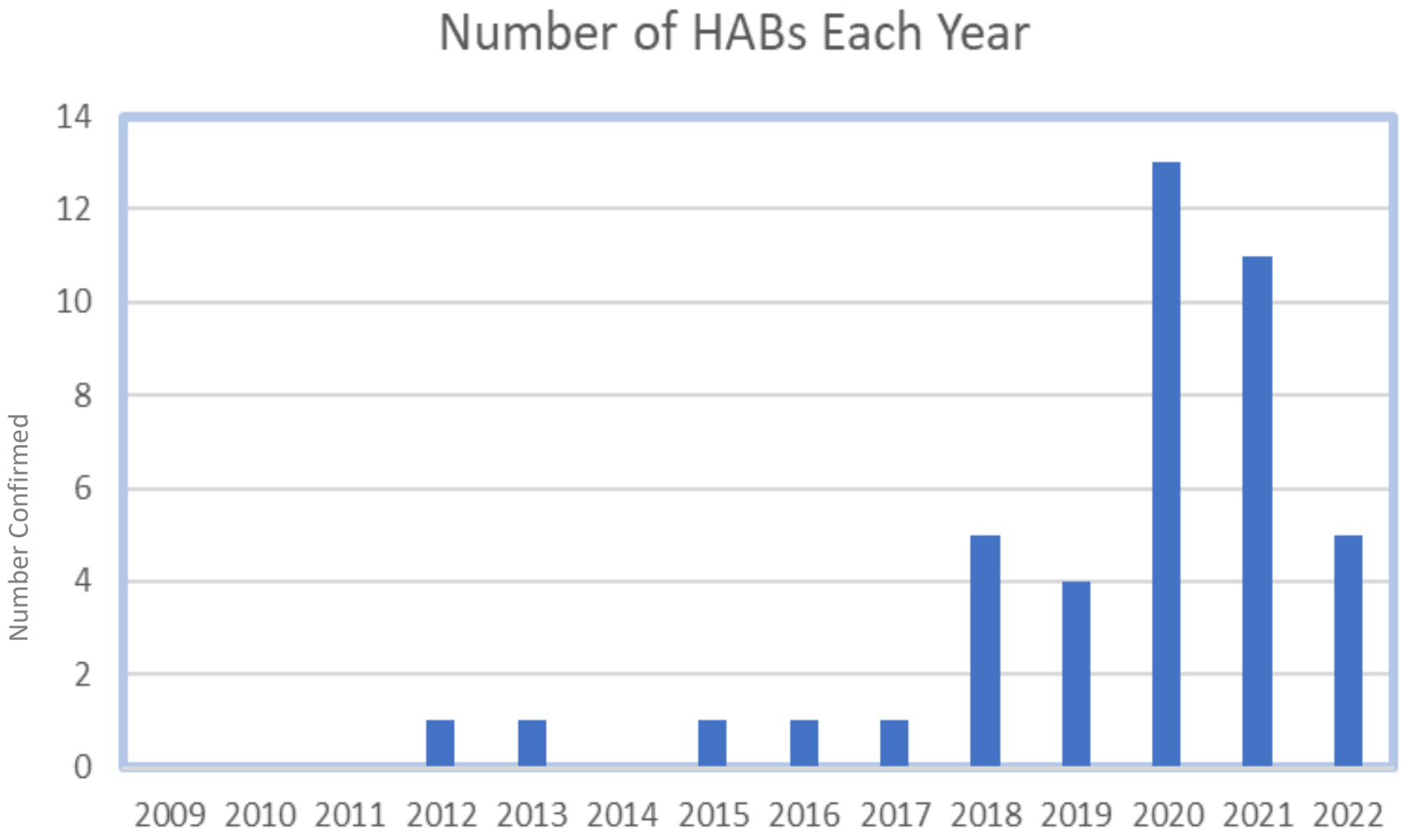
Muskoka
WATERSHED COUNCIL



Fewer days of winter ice cover

Since 1975:
average 20 fewer days of winter ice cover

Muskoka WATERSHED COUNCIL



SMDHU Data

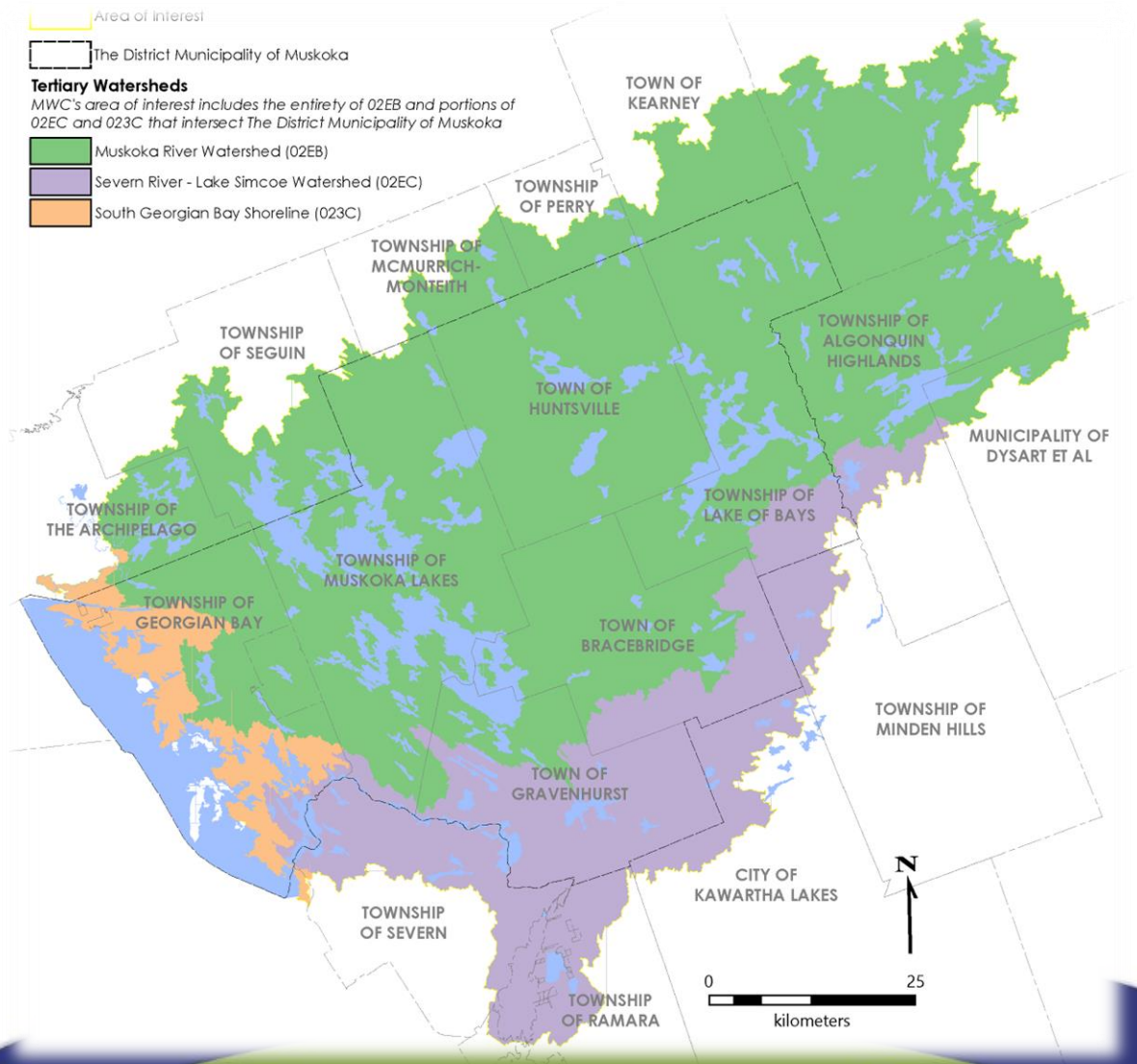
Hazardous Algal Blooms

Blue-green algal blooms are occurring more frequently

Muskoka WATERSHED COUNCIL

WHAT NEEDS TO CHANGE?

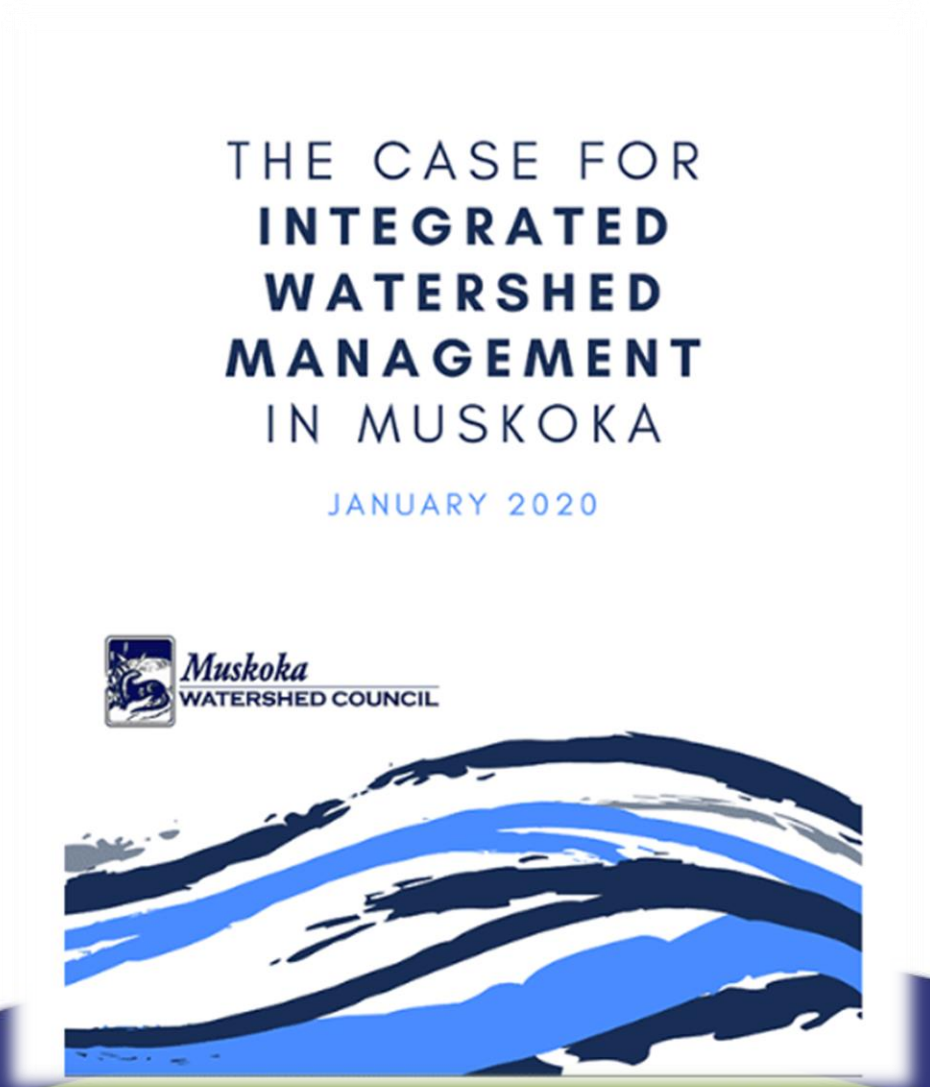
Muskoka needs a coordinated plan for consistent policies across the watershed



Muskoka WATERSHED COUNCIL

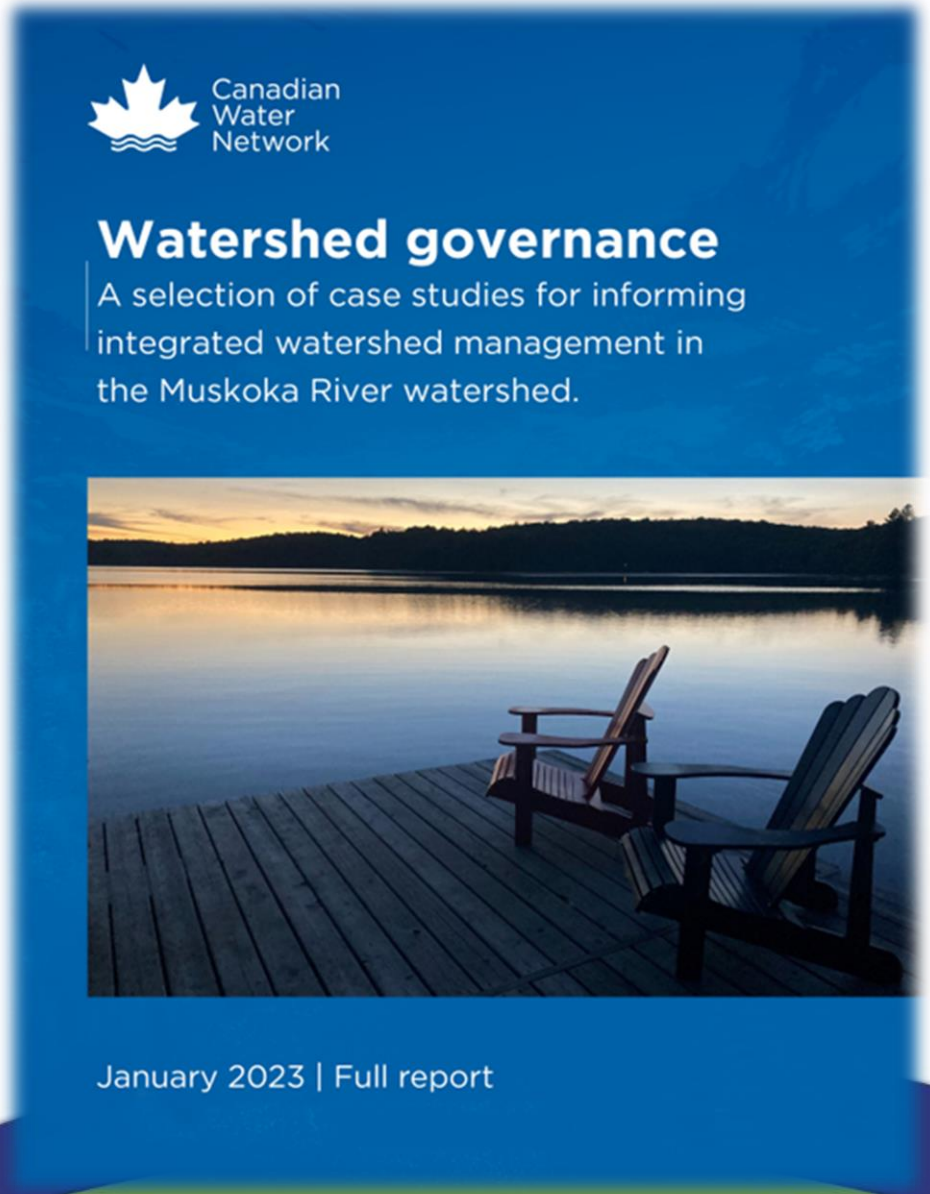
WHAT ARE WE SUGGESTING?

Make land-use, infrastructure, & water management decisions at the watershed scale



MWC HAS ALREADY STARTED

- Informing watershed partners
- Building community support
- Collaborating to set priorities
- Generating political will



Muskoka WATERSHED COUNCIL

WHAT DOES MWC NEED?

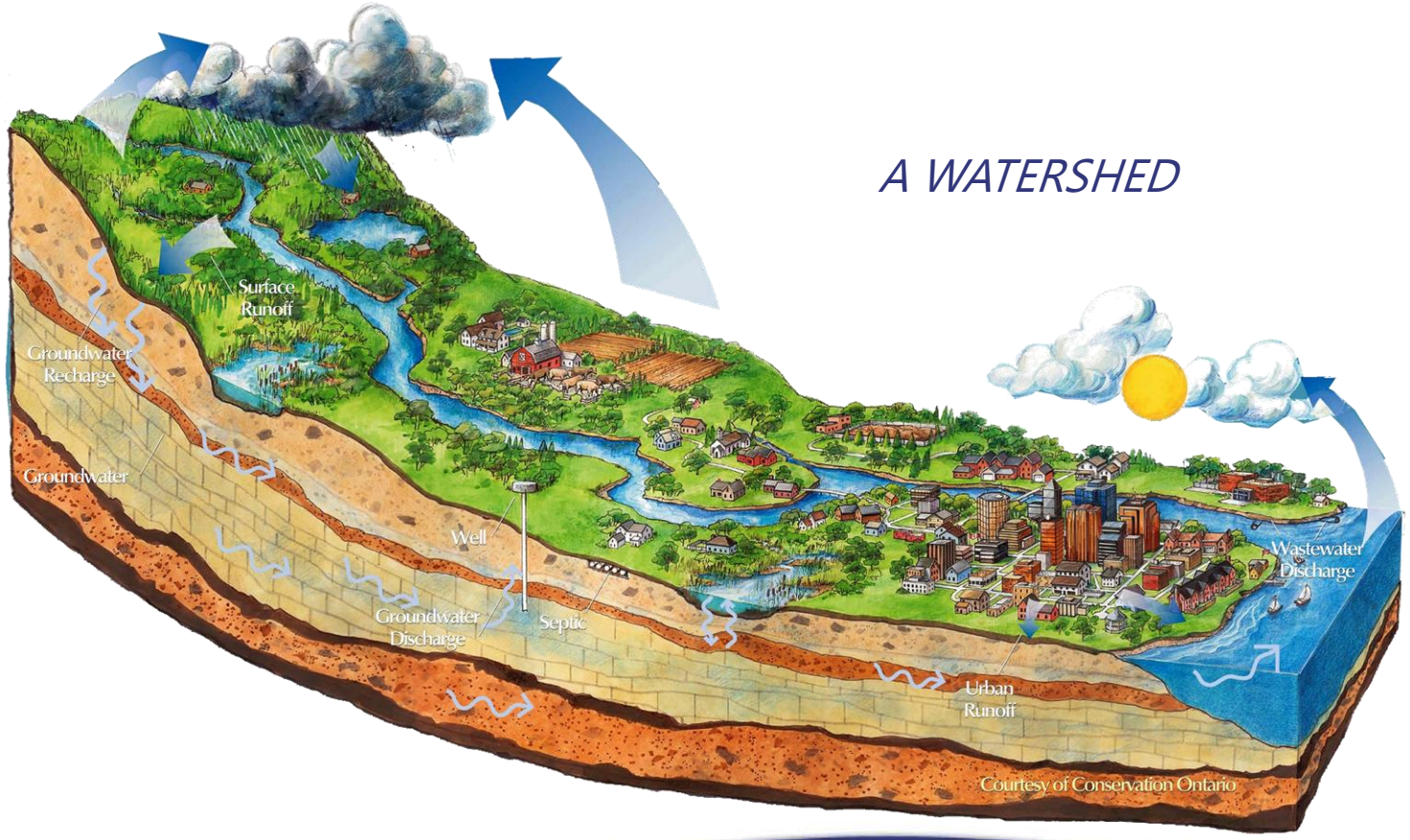
- Your participation
- Building political will
- Building understanding
- Engaging all community sectors



Muskoka WATERSHED COUNCIL

WHAT ARE WE ASKING OF YOU?

That you will take the opportunity to become actively engaged in this decade-long process to bring more effective management to this region



A WATERSHED

Muskoka WATERSHED COUNCIL

Muskoka
WATERSHED COUNCIL

THANK YOU

Learn more at
www.muskokawatershed.org

THE CORPORATION OF THE TOWN OF KEARNEY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE TOWN OF KEARNEY

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DRAFT - FOR DISCUSSION PURPOSES ONLY

Independent Auditor's Report

DRAFT - FOR DISCUSSION PURPOSES ONLY

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 Town"), 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 Town of Kearney 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 Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town 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.

DRAFT - FOR DISCUSSION PURPOSES ONLY

North Bay, Canada

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF KEARNEY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash *(Note 4)*	$ 4,128,150	$ 3,072,495
Investments *(Note 5)*	134,669	546,930
Taxes receivable *(Note 6)*	294,842	304,947
Trade and other receivables *(Note 7)*	462,533	214,585
Inventories held for resale	-	59,770
	5,020,194	**4,198,727**
LIABILITIES		
Accounts payable and accrued liabilities	606,581	647,561
Deferred revenue-general *(Note 8)*	297,471	35,279
Deferred revenue-obligatory reserve funds *(Note 9)*	158,098	65,260
Employee benefits payable *(Note 10)*	29,339	31,016
Municipal debt *(Note 11)*	105,077	127,876
Landfill closure and post-closure liability *(Note 12)*	109,631	130,185
	1,603,197	**1,037,177**
NET FINANCIAL ASSETS	**3,416,997**	**3,161,550**
NON-FINANCIAL ASSETS		
Tangible capital assets - net *(Note 15)*	12,509,071	11,994,886
Inventories of supplies	191,492	92,005
Prepaid expenses	18,110	18,741
	12,718,673	**12,105,632**
ACCUMULATED SURPLUS *(Note 16)*	**$ 16,135,670**	**$ 15,267,182**

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Contingencies *(see Notes 2 and 14)*
Contractual Obligations *(see Note 13)*

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE TOWN OF KEARNEY

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget 2022 *(see Note 18)*	Actual 2022	Actual 2021
REVENUE			
Property taxes	$ 3,429,019	$ 3,431,982	$ 3,255,658
User charges	59,339	67,032	52,013
Government transfers	1,185,256	1,207,209	1,143,654
Other	327,265	519,758	406,935
TOTAL REVENUE	**5,000,879**	**5,225,981**	**4,858,260**
EXPENSES			
General government	738,904	736,496	704,736
Protection to persons and property	1,054,210	1,005,143	942,182
Transportation services	1,484,189	1,497,428	1,334,635
Environmental services	346,279	301,151	313,487
Health services	155,127	155,126	140,021
Social and family services	319,362	317,619	313,268
Recreation and cultural services	241,990	293,016	256,219
Planning and development	20,549	51,514	53,703
TOTAL EXPENSES	**4,330,120**	**4,357,493**	**4,058,251**
ANNUAL SURPLUS *(Note 16)*	**670,759**	**868,488**	**800,009**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**15,267,182**	**15,267,182**	**14,467,173**
ACCUMULATED SURPLUS, END OF YEAR	**$ 15,937,941**	**$ 16,135,670**	**$ 15,267,182**

DRAFT - FOR DISCUSSION PURPOSES ONLY

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, 2022

	Budget 2022 *(see Note 18)*	Actual 2022	Actual 2021
Annual surplus	$ 670,759	$ 868,488	$ 800,009
Acquisition of tangible capital assets	(3,167,504)	(1,351,897)	(1,768,433)
Contributed tangible capital assets -net	-	(52)	-
Amortization of tangible capital assets	742,670	742,718	759,375
(Gain) Loss on disposal of tangible capital assets	-	(14,166)	29,557
Proceeds from disposal of tangible capital assets	483,114	109,212	-
Change in supplies inventories	-	(79,487)	(45,023)
Change in prepaid expenses	-	631	(4,729)
Increase (decrease) in net financial assets	(1,270,961)	255,447	(229,244)
Net financial assets, beginning of year	3,161,550	3,161,550	3,390,794
Net financial assets, end of year	**$ 1,890,589**	**$ 3,416,997**	**$ 3,161,550**

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE TOWN OF KEARNEY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Operating transactions		
Annual surplus	$ 868,488	$ 800,009
Non-cash charges to operations:		
Amortization	742,718	759,375
Contributed tangible capital assets - net	(52)	-
(Gain) Loss on disposal of tangible capital assets	(14,166)	29,557
Change in employee benefits payable	(1,677)	(1,299)
Change in landfill closure and post-closure liability	(20,554)	(19,688)
	1,574,757	1,567,954
Changes in non-cash items:		
Taxes receivable	18,105	27,424
Trade and other receivables	(247,948)	(63,966)
Inventories held for resale	59,770	(11,644)
Accounts payable and accrued liabilities	316,020	(693,278)
Deferred revenue-general	202,192	(4,495)
Deferred revenue-obligatory reserve funds	92,838	65,260
Inventories of supplies	(99,487)	(45,023)
Prepaid expenses	631	(4,729)
	334,121	(730,451)
Cash provided by operating transactions	1,908,878	837,503
Capital transactions		
Acquisition of tangible capital assets	(1,351,897)	(1,768,433)
Proceeds from disposal of tangible capital assets	109,212	-
Cash applied to capital transactions	(1,242,685)	(1,768,433)
Investing transactions		
Change in investments	412,261	68,779
Cash provided by investing transactions	412,261	68,779
Financing transactions		
Debt principal repayments	(22,799)	(21,924)
Cash applied to financing transactions	(22,799)	(21,924)
Net change in cash	**1,055,655**	**(884,075)**
Cash, beginning of year	**3,072,495**	**3,956,570**
Cash, end of year	**$ 4,128,150**	**$ 3,072,495**
Cash flow supplementary information:		
Cash paid for interest	$ 5,353	$ 6,227

DRAFT - FOR DISCUSSION PURPOSES ONLY

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, 2022

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.

DRAFT - FOR DISCUSSION PURPOSES ONLY

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.

(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) 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 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 also at 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 75 years
Machinery, equipment and furniture - 10 to 20 years
Computer hardware and software - 2 to 10 years
Vehicles - 10 to 25 years
Roads - 8 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.

(b) Inventories of supplies
Inventories held for consumption are recorded at the lower of cost and replacement cost.

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(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.

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(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.

(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 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, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWN OF KEARNEY

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 Town to these boards:

	2022	2021
District of Parry Sound Social Services Administration Board	$ 164,114	$ 161,645
North Bay Parry Sound District Health Unit	25,747	24,928
Eastholme, District of Parry Sound (East) Home for the Aged	129,622	134,462
	$ 319,483	**$ 321,035**

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.

3. TRANSACTIONS ON BEHALF OF SCHOOL BOARDS

During the year, $605,538 of taxation was levied on behalf of school boards (2021 $597,709).

4. CASH

Cash is comprised of:

	2022	2021
Unrestricted cash	$ 3,970,052	$ 3,007,235
Restricted cash	158,098	65,260
	$ 4,128,150	**$ 3,072,495**

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

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE TOWN OF KEARNEY

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

5. INVESTMENTS

Investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from 1.50% to 4.69% and maturing between August 8, 2023 and October 7, 2023.

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2022	2021
Amounts receivable	$ 295,787	$ 304,947
Valuation allowance	(945)	
	$ 294,842	**$ 304,947**

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	2022	2021
Amounts receivable	$ 492,683	$ 244,735
Valuation allowance	(30,150)	(30,150)
	$ 462,533	**$ 214,585**

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THE CORPORATION OF THE TOWN OF KEARNEY

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

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	$	11,343	$	15,000
Safe Restart Funding		-		20,000
Other Town of Kearney		23,936		4,774
		35,279		39,774
Received and deferred during the year:				
Kearney & Area Public Library		10,000		-
Kearney Dog Sled Races		6,775		-
Northern Ontario Resource Development Support (NORDS)		193,846		-
Other Town of Kearney		12,661		23,936
Interest earned		5,387		-
		228,669		23,936
Recognized in revenue during the year		(13,391)		(25,745)
Refunded during the year		(13,086)		(2,686)
Balance, end of year	**$**	**237,471**	**$**	**35,279**
Kearney & Area Public Library	$	10,000	$	-
Kearney Dog Sled Races		6,775		-
Northern Ontario Resource Development Support (NORDS)		199,234		-
Ontario Cannabis Legalization Implementation Fund		7,172		11,343
Other Town of Kearney		14,290		23,936
Balance, end of year	**$**	**237,471**	**$**	**35,279**

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THE CORPORATION OF THE TOWN OF KEARNEY

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

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:

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	2022	2021
Balance, beginning of year:		
Recreational land (the Planning Act)	$ 11,478	$ -
Community-Building	53,782	-
	65,260	-
Received during the year:		
Recreational land (the Planning Act)	2,300	19,163
Ontario Community Infrastructure Fund	153,227	86,630
Community-Building	55,946	109,728
Interest earned	5,325	306
	216,798	215,827
Recognized in revenue during the year	(123,960)	(150,567)
Balance, end of year	**$ 158,098**	**$ 65,260**
Recreational land (the Planning Act)	$ 14,072	$ 11,478
Ontario Community Infrastructure Fund	31,523	-
Community-Building	112,503	53,782
Balance, end of year	**$ 158,098**	**$ 65,260**

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 two-thirds 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 a 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 $29,339 (2021 $31,016) at the end of the year.

THE CORPORATION OF THE TOWN OF KEARNEY

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

11. 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 Projects Corporation serial debenture, due June 2030, repayable in semi-annual payments of $6,597, including interest calculated at 4.88%	$ 82,042	$ 90,907
Royal Bank of Canada term loan, due July 2024, repayable in monthly payments of $1,246, including interest calculated at 3.34%	23,035	36,969
	$ 105,077	**$ 127,876**

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

	Principal	Interest
2023	$ 23,709	$ 4,442
2024	18,391	3,528
2025	10,244	2,950
2026	10,750	2,444
2027	11,281	1,913
2028 onwards	30,702	2,283
	$ 105,077	**$ 17,560**

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

	2022	2021
Principal payments	$ 22,799	$ 21,924
Interest	5,353	6,227
	$ 28,152	**$ 28,151**

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE TOWN OF KEARNEY

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 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 landfill site is $45,029 (2021 $58,743) 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 4.38% (2021 1.92%) and inflation rate of 2.4% (2021 1.8%). Post-closure care is estimated to continue for a period of 4 years (2021 5 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 the 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 Town has recognized $64,660 (2021 $71,442) in the financial statements related to its proportionate share of this liability.

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13. CONTRACTUAL OBLIGATIONS

In 2021 the Town approved the purchase of a fire pumper/tanker from Carrier Centers Emergency Vehicles at a cost of $[illegible]2,785 plus HST. The vehicle is expected to be delivered in December 2023.

In 2022 the Town contracted Bradanick Construction Services Inc. to perform renovations on the community centre at a cost of $1,834,234 plus HST. To the end of the year, $1,305,640 of work on this project had been completed. The balance of the work is expected to be completed in 2023.

14. CONTINGENCIES

The Town is involved from time to time in litigation, which arises in the normal course of business. Settlement for the outstanding claim is expected in 2023, and a provision for the anticipated settlement amount 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, 2022

15. TANGIBLE CAPITAL ASSETS

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

2022

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads, Bridges and Other Structures	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	$ 1,431,168	$ 1,242,844	$ 956,908	$ 2,346,066	$ 21,092,105	$ 80,872	$ 27,149,963
Additions and betterments	82,499	1,834	155,901	248,889	131,290	731,484	1,351,897
Contributed assets	345	34	86	-	-	-	465
Disposals and writedowns	(69,326)	(2,172)	(75,779)	(167,915)	(111,303)	-	(426,495)
BALANCE, END OF YEAR	1,444,686	1,242,540	1,037,116	2,427,040	21,112,092	812,356	28,075,830
ACCUMULATED AMORTIZATION							
Balance, beginning of year	403,511	715,994	600,811	1,103,762	12,330,999	-	15,155,077
Annual amortization	26,190	20,049	69,148	[illegible]	454,462	-	742,718
Accumulated amortization - contributed assets	337	10	66	-	-	-	413
Amortization disposals	(69,326)	(1,301)	(70,[illegible])	(111,134)	(79,103)	-	(331,449)
BALANCE, END OF YEAR	360,712	734,752	[illegible]440	1,165,497	12,706,358	-	15,566,759
TANGIBLE CAPITAL ASSETS-NET	$ 1,083,974	$ 507,788	$ 437,676	$ 1,261,543	$ 8,405,734	$ 812,356	$ 12,509,071

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2021

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads, Bridges and Other Structures	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	$ 1,[illegible],902	$ 1,242,878	$ 934,924	$ 2,486,425	$ 19,376,629	$ 692,713	$ 26,052,471
Additions and betterments	166,148	-	80,071	48,641	1,445,292	28,281	1,768,433
Disposals and writedowns	(53,882)	(34)	(58,087)	(189,000)	(365,115)	(4,823)	(670,941)
Transfer between classes	-	-	-	-	635,299	(635,299)	-
BALANCE, END OF YEAR	1,431,168	1,242,844	956,908	2,346,066	21,092,105	80,872	27,149,963
ACCUMULATED AMORTIZATION							
Balance, beginning of year	434,111	695,980	576,764	1,105,822	12,224,409	-	15,037,086
Annual amortization	23,273	20,024	73,301	175,915	466,862	-	759,375
Amortization disposals	(53,873)	(10)	(49,254)	(177,975)	(360,272)	-	(641,384)
BALANCE, END OF YEAR	403,511	715,994	600,811	1,103,762	12,330,999	-	15,155,077
TANGIBLE CAPITAL ASSETS-NET	$ 1,027,657	$ 526,850	$ 356,097	$ 1,242,304	$ 8,761,106	$ 80,872	$ 11,994,886

THE CORPORATION OF THE TOWN OF KEARNEY

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 funds	$ 315,377	$ -	$ 315,377
Election	11,207	(11,207)	-
Sick leave	31,212		31,212
Municipal capital	445,784	-	445,784
Modernization funding	337,316	-	337,316
Municipal buildings	450,000	-	450,000
Bridges and culverts	442,405	240,000	682,405
Roads equipment	300,000	(169,143)	130,857
Fire equipment	392,563	(68,000)	324,563
CUPE negotiations	4,566	8,000	12,566
UFCW negotiations	11,889	1,500	13,389
Recreation and culture	207,530	4,212	211,742
Dog sled races	26,254	(1,491)	24,763
Regatta	15,411	2,267	17,678
Kearney Community Centre	9,505	1,159	10,664
Library Board	8,589	(2,748)	5,841
Joint Waste Management Committee *(2022: 44.2%; 2021: 44.1%)*	194,276	1,548	195,824
Reserve funds for capital purposes	9,620	304	9,924
	3,213,504	**6,401**	**3,219,905**
OTHER			
Consolidated tangible capital assets	11,994,886	514,185	12,509,071
General operating surplus -			
Town	340,891	301,920	642,811
Library Board	5,468	(1,370)	4,098
Joint Waste Management Committee *(2022: 44.2%; 2021: 44.1%)*	1,510	2,322	3,832
Unfunded amounts -			
Municipal debt	(127,876)	22,799	(105,077)
Employee benefits	(31,016)	1,677	(29,339)
Landfill closure and post-closure	(130,185)	20,554	(109,631)
	$ 15,267,182	**$ 868,488**	**$ 16,135,670**

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE TOWN OF KEARNEY

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

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.

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THE CORPORATION OF THE TOWN OF KEARNEY

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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,431,982	$ 3,431,982
User charges	4,862	8,823	10,899	26,497	-		2,297	129	13,525	-	67,032
Government transfers -											
Canada	-	-	-	-	-		4,906	-	-	-	4,906
Ontario	-	7,085	123,960	79,075	-	17,966	262,971	5,869	-	701,900	1,198,826
Other municipalities	-	3,477	-	-	-	-	-	-	-	-	3,477
Gain (loss) on disposal of capital assets	-	(6,065)	20,231	-		-	-	-	-	-	14,166
Other	3,293	284,481	12,497	8,832		1,065	33,143	2,901	200	159,180	505,592
TOTAL REVENUE	8,155	297,801	167,587	114,404	-	19,031	303,317	8,899	13,725	4,293,062	5,225,981
EXPENSES											
Salaries, wages and benefits	380,540	410,426	504,186	7[illegible]	-	-	120,865	24,437	-	-	1,517,190
Long-term debt charges (interest)	-	4,329	1,024	-	-	-	-	-	-	-	5,353
Materials	106,628	149,174	369,663	22,718	-	6,442	67,170	7,080	224	-	729,099
Contracted services	232,495	366,031	24,616	188,702	122,326	3,963	23,561	898	51,290	-	1,013,882
Rents and financial expenses	2,589	2,848	6,545	-	-	8,750	625	158	-	-	21,515
External transfers	1,200	-	-	-	32,800	293,736	-	-	-	-	327,736
Amortization	13,044	72,335	59[illegible]4	12,995	-	4,728	36,637	11,585	-	-	742,718
TOTAL EXPENSES	736,496	1,005,143	1[illegible]428	301,151	155,126	317,619	248,858	44,158	51,514	-	4,357,493
ANNUAL SURPLUS (DEFICIT)	$ (728,341)	$ (707,342)	$ [illegible],841)	$ (186,747)	$ (155,126)	$ (298,588)	$ 54,459	$ (35,259)	$ (37,789)	$ 4,293,062	$ 868,488

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE TOWN OF KEARNEY

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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,255,658	$ 3,255,658
User charges	5,393	10,949	10,470	16,717	-	-	54	8,430	-		52,013
Government transfers -											
Canada	18,285	-	62,379	-	-	-	-	-	-		80,664
Ontario	21,929	16,050	86,630	52,074	-	17,525	820	5,869	-	774,380	975,277
Other municipalities	-	87,713	-	-	-	-	-	-	-	-	87,713
Loss on disposal of capital assets	(7,427)	-	(15,868)	(55)		(4,823)	(1,384)	-	-	-	(29,557)
Other	-	129,644	7,849	9,496		-	22,833	994	-	265,676	436,492
TOTAL REVENUE	38,180	244,356	151,460	78,232	-	12,702	22,269	6,917	8,430	4,295,714	4,858,260
EXPENSES											
Salaries, wages and benefits	387,976	388,721	407,063	9[illegible]	-	-	112,205	21,878	10,095	-	1,419,100
Long-term debt charges (interest)	-	4,747	1,480		-	-	-	-	-	-	6,227
Materials	79,170	112,109	284,562	23,247	-	7,622	61,426	6,117	265	-	574,518
Contracted services	216,512	363,181	33,988	187,615	114,593	4,567	5,918	-	42,213	-	968,587
Rents and financial expenses	3,109	2,793	-	-	-	-	307	200	1,130	-	7,539
External transfers	1,370	-	-	-	25,428	296,107	-	-	-	-	322,905
Amortization	16,599	70,631	60[illegible]42	11,463	-	4,972	35,882	12,286	-	-	759,375
TOTAL EXPENSES	704,736	942,182	1[illegible]635	313,487	140,021	313,268	215,738	40,481	53,703	-	4,058,251
ANNUAL SURPLUS (DEFICIT)	$ (666,556)	$ (697,826)	$ (4[illegible],175)	$ (235,255)	$ (140,021)	$ (300,566)	$ (193,469)	$ (33,564)	$ (45,273)	$ 4,295,714	$ 800,009

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE CORPORATION OF THE TOWN OF KEARNEY

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

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. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	$ (340,891)
Decrease in Library Board operating surplus	(5,468)
Decrease in Joint Waste Management Committee operating surplus	(1,513)
Decrease in consolidated reserves and reserve funds	(945,888)
ADJUSTMENTS:	
Acquisition of tangible capital assets	3,167,504
Amortization of tangible capital assets	(742,670)
Proceeds from disposition of capital assets	(483,114)
Decrease in municipal debt	22,799
ANNUAL SURPLUS	**$ 670,759**

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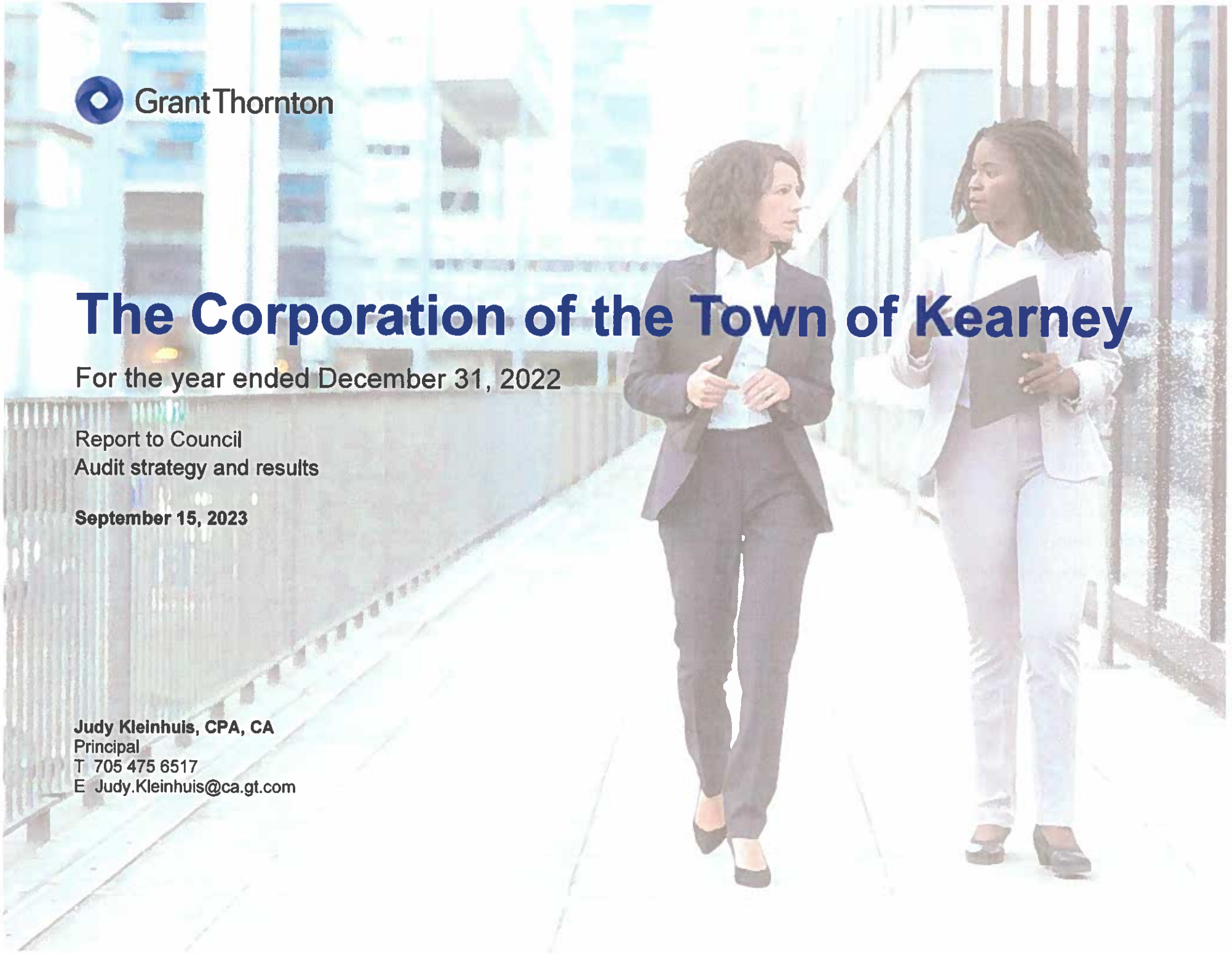
19. PENSION AGREEMENTS

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, 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 Town does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2022 was $74,527 (2021 $84,532) 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 $25,805 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.



Grant Thornton

The Corporation of the Town of Kearney

For the year ended December 31, 2022

Report to Council
Audit strategy and results

September 15, 2023

Judy Kleinhuis, CPA, CA
Principal
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Appendices

Appendix A – Overview and approach

Appendix B – Audit plan and risk assessment

Appendix C – Draft independent auditor's report

Appendix D – Draft management representation letter

Appendix E – Auditing developments

Appendix F – Accounting developments

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the consolidated financial statements of The Corporation of the Town of Kearney (the "Municipality") for the year ended December 31, 2022. This communication will assist Council in understanding our overall audit strategy and results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

The information in this document is intended solely for the information and use of Council and management. It is not intended to be distributed or used by anyone other than these specified parties.

We have obtained our engagement letter dated April 12, 2023, which outlines our responsibilities and the responsibilities of management.

We were engaged to provide the following deliverables:

Deliverable
Report on the December 31, 2022 consolidated financial statements
Communication of audit strategy and results

Status of our audit

We have substantially completed our audit of the consolidated financial statements of the Municipality and the results of that audit are included in this report.

We will finalize our report upon resolution of the following items that were outstanding as at September 15, 2023:

- Receipt of signed management representation letter (a draft has been attached in **Appendix D**)
- Approval of the consolidated financial statements by Council
- Procedures regarding subsequent events (including review of closed minutes)
- Receipt of legal confirmation letter

Our responsibility is to form an opinion on the consolidated financial statements. We are also required to communicate matters that impact our standard auditor's report, including key audit matters or modifications to the reports. Our auditor's report did not contain any modifications.

A copy of our draft auditor's opinion is included in **Appendix C**.

Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the consolidated financial statements, including disclosures, the greater the audit emphasis placed on it in terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in **Appendices A and B.**

CAS 315 Revised

Canadian Auditing Standard 315 Identifying and assessing the risks of material misstatement ("CAS 315 Revised") was effective for our audit of the Municipality's consolidated financial statements for the year ended December 31, 2022. This significant change to the auditing standards affected the work required to complete the audit engagement. More information about this revised standard is included in the Technical Updates section of our report.

Audit risks and results

We have executed our audit in accordance with our approach summarized in Appendices A and B. We highlight our significant findings in respect of significant transactions, risks, accounting practices and other areas of focus.

Significant risks

Area of focus	Why there is a risk	Our response and findings
Fraud risk from revenue recognition	There is a presumed risk of fraud in revenue. The risk primarily relates to revenue recognized under revenue from grants. There is a risk that surplus grant revenue received will not be repaid by recognizing fictitious or ineligible expenditures. There is also a risk that revenue from conditional grants will be recognized prior to stipulations under the grant agreement being met.	Traced a sample of transactions to verify that the grant expenditure was eligible and recognized in the correct period. Reviewed grant agreements to ensure grant stipulations were being met. No exceptions noted.
Fraud risk from management override	This is a presumed fraud risk. The risk primarily relates to the fact that management can use journal entries to override internal controls.	Procedures performed to test journal entries and accounting estimates. No exceptions noted.
Fraud risk from lack of segregation of duties	A lack of segregation of duties increases the risk of errors and fraud going undetected. The risk primarily relates to unauthorized changes to pay rates by those who have access to the payroll Masterfile.	For employees who have access to the payroll Masterfile, agree their pay rate from the payroll Masterfile to the approved pay rates (per Council Resolution and/or new HR Policies and Procedures Manual appendices). No exceptions noted.

Accounting practices

Area of focus	Matter	Our response and findings
Accounting estimates	Significant accounting estimates include estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities.	• Tangible capital assets are amortized on a straight-line basis over their estimated useful lives. Estimated useful lives of tangible capital assets are determined by Council from historical information and results and were approved through resolution #C-157-09. Amortization expense in the year appears reasonable based on estimated useful lives per resolution #C-157-09. • The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement. This estimate includes management's assumption regarding expected future 'usage' of accumulated sick leave credits. Based on our audit procedures, we have concluded that management's estimated sick leave accrual appears reasonable. • Landfill closure and post-closure care requirements have been identified in accordance with industry standards. Estimated expenditures related to the closure and subsequent maintenance of this site is recognized in the financial statements over the operating life of the site, in proportion to its utilized capacity. The estimate for the active landfill site (prepared by the Township of Perry) includes management's assumptions on inflation rate, discount rate, expected usage and remaining capacity. Based on our audit procedures, we have concluded that management's estimated landfill closure and post-closure liability appears reasonable.

Adjustments and uncorrected misstatements

Adjustments

We have no adjusted misstatements to report.

Uncorrected misstatements

We have no non-trivial unadjusted misstatements to report.

Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters.

Other reportable matters

Internal control

The audit is designed to express an opinion on the consolidated financial statements. We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. Accordingly, we do not express an opinion on the effectiveness of internal control.

If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to Council those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

Based on the results of our audit, we did not identify any reportable observations.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the Municipality
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention.

Fees

The following is a schedule of our current year fees and prior year fees.

Service	Current year fees	Prior year fees
Town (consolidated)*	$ 17,000	$ 12,600

*before applicable taxes and administrative fees

Technical updates – highlights

Accounting

Accounting standards issued by the Accounting Standards Board that may affect the Municipality in future years include:

- Section PS 3160 Public Private Partnerships
- Section PS 1000 Financial statement concepts, Section 1201 Financial Statement Presentation, and PSG-8 Purchased intangibles
- Section PS 3400 Revenues
- Section PS 3450 Financial instruments and Section PS 2601 Foreign currency translation
- Section PS 3280 Asset retirement obligations
- Section PS 3450 Financial instruments, Section PS 2601 Foreign currency translation, Section PS 1201 Financial statement presentation, and PS 3041 Portfolio investments
- Conceptual Framework for Financial Reporting in the Public Sector

Further details of the changes to accounting standards, including management's preliminary comments on their applicability to the Municipality, are included in **Appendix F**. If you have any questions about these changes, we invite you to raise them during our next meeting. We will be pleased to address your concerns.

Assurance

CAS 315 *Identifying and assessing the risks of material misstatement* ("CAS 315 *Revised*") was effective for our audit of the Municipality's consolidated financial statements for the year ended December 31, 2022. CAS 315 *Revised* includes many changes to the requirements related to planning an audit and completing the risk assessment process, which are designed to make the risk assessment process more robust and improve consistency of application in practice. Since the risk assessment process is fundamental to an audit, we incurred some additional time completing the audit. The table below summarises the key changes to the standard and their effects on the audit.

Area	Change	Effect
Inherent risk factors	Five new risk factors were introduced to aid in risk assessment: subjectivity, complexity, uncertainty, change, and susceptibility to misstatement due to management bias or fraud.	New risk factors may need to be documented. Where new risk factors are identified, the audit team needs to consider and document how they impact the overall risk assessment.
Spectrum of inherent risk	A "spectrum of inherent risk" was defined. When completing the risk assessment, risks of material misstatement are positioned at the lower or higher end of the spectrum based on the likelihood and magnitude of possible misstatement, with the upper end representing significant risks.	Applying the spectrum of inherent risk concept may result in changes to the risk assessment and the associated responses. For example, new significant risks may be identified, and the standards contain specific requirements for work that must be performed in response to significant risks.
IT system and controls	There is a great deal more emphasis on understanding IT systems, particularly the IT general controls that address risks arising from the IT system.	The engagement team may need to work with management to obtain and document more information about the IT system and controls.
Control activities	There is more focus on controls relevant to the audit, including those related to journal entries, and on what work needs to be performed to determine the design and implementation of those controls.	Additional time may need to be incurred to identify and assess relevant controls. The approach to determining the design and implementation of internal controls may need to be updated.
Others	Other relevant changes include: • Requiring inherent risk and control risk to be assessed separately, whereas the former standard permitted a combined assessment • Enhanced requirements and documentation relating to the exercise of professional skepticism • Separate focus on understanding the applicable financial reporting framework • Distinguishing between direct (assertion level) and indirect (pervasive level) control components • A new "stand-back" test requiring teams to reconsider when material classes of transactions, account balances and disclosures are not assessed as significant	Risk assessments may need to be updated and additional documentation will need to be incorporated to comply with the revised requirements.

In addition, assurance standards issued by the AASB that may change the nature, timing and extent of our audit procedures on the Municipality and our communication with Council include:

- Issuance of CSQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, CSQM 2 Engagement Quality Reviews and revised CAS 220 Quality Management for an Audit of Financial Statements
- Revisions to CAS 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)

Further details of the changes to assurance standards, including management's preliminary comments on their applicability to the Municipality, are included in **Appendix E**. If you have any questions about these changes, we invite you to raise them during our next meeting. We will be pleased to address your concerns.

Appendix A – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

Roles and responsibilities

Role of Council	• Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention • Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting • Recommend the nomination and compensation of external auditors • Directly oversee the work of the external auditors including reviewing and discussing the audit plan
Role of management	• Prepare consolidated financial statements in accordance with Canadian public sector accounting standards • Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud • Exercise sound judgment in selecting and applying accounting policies • Prevent, detect and correct errors, including those caused by fraud • Provide representations to external auditors • Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements
Role of Grant Thornton LLP	• Provide an audit opinion that the financial statements are in accordance with Canadian public sector accounting standards • Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS) • Maintain independence and objectivity • Be a resource to management and to those charged with governance • Communicate matters of interest to those charged with governance • Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters

Audit approach

Our understanding of the Municipality and its operations drives our audit approach, which is risk based and specifically tailored to The Corporation of the Town of Kearney.

The five key phases of our audit approach



Phase	Our approach
1. Planning	• We obtain our understanding of your operations, internal controls and information systems • We plan the audit timetable together
2. Assessing risk	• We use our knowledge gained from the planning phase to assess financial reporting risks • We customize our audit approach to focus our efforts on key areas
3. Evaluating internal controls	• We evaluate the design of controls you have implemented over financial reporting risks • We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls • We provide you with information about the areas where you could potentially improve your controls
4. Testing accounts and transactions	• We perform tests of balances and transactions • We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency
5. Concluding and reporting	• We conclude on the sufficiency and appropriateness of our testing • We finalize our report and provide you with our observations and recommendations

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we maintained our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the entity and our beliefs about management's honesty and integrity.

Materiality

The purpose of our audit is to provide an opinion as to whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards as at December 31, 2022. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that an auditor cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning, we made a preliminary assessment of materiality for the purpose of developing our audit strategy, including the determination of the extent of our audit procedures. During the completion stage, we consider not only the quantitative assessment of materiality, but also qualitative factors, in assessing the impact on the consolidated financial statements, our audit opinion and whether the matters should be brought to your attention.

Our materiality for the current audit was $160,000.

Fraud risk factor considerations

We are responsible for planning and performing the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement caused by error or by fraud. Our responsibility includes:

- The identification and assessment of the risks of material misstatement of the consolidated financial statements due to fraud through procedures including discussions amongst the audit team and specific inquiries of management
- Obtaining sufficient appropriate audit evidence to respond to the fraud risks noted
- Responding appropriately to any fraud or suspected fraud identified during the audit

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management.

We are required to communicate with you on fraud-related matters, including:

- Obtaining an understanding of how you exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks
- Inquiring as to whether you have knowledge of any actual, suspected or alleged fraud affecting the entity

The following provides a summary of some of the fraud related procedures that are performed during the audit:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the consolidated financial statements
- Reviewing accounting estimates for biases
- Evaluating the business rationale (or the lack thereof) for significant transactions that are or appear to be outside the normal course of operations

Quality management

We have a robust quality management program that forms a core part of our client service. We combine internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to consistently deliver high quality audit services to our clients. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality management and would be pleased to discuss any aspect with you at your convenience.

IDEA Data Analysis Software

We apply our audit methodology using advanced software tools. IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries. Grant Thornton continues to invest in developing industry-leading audit data analytical tools.

Appendix B – Audit plan and risk assessment

We have executed our audit in accordance with our plan outlined below. We continually reassess the need for changes to our planned audit approach throughout the audit.

Risk assessment

Our risk assessment process identified certain significant risks, which are included under "Audit risks and results" in our report. In addition, we identified certain other areas where we focused our attention as follows:

Risk area	Why it is a risk area	Audit procedures and findings
Tax Revenue	The revenue and receivables from taxes levied may not be valid due to taxpayer collections being misapplied by those recording the receipt.	Test accounts receivable using statistical sampling. Review of tax revenue recorded in relation to 2022 tax by-law. No exceptions noted.
Operating Expenses	There is a risk that payables related to core activities are understated or not recorded in the correct period. There is also a risk that the landfill closure and post-closure liability obligations are not properly calculated and disclosed.	Review supporting documentation and management estimates with respect to the completeness and accuracy of significant year end accruals. Perform subsequent payments testing. For landfill accrual, review liability calculation, verify the completeness and accuracy of the underlying data, and examine the assumptions to determine their appropriateness. No exceptions noted.
Tangible capital assets	There is a risk that capital asset activity is not valid. There is also a risk that the allowance for amortization is not adequate.	Test significant additions for existence and to ensure adherence to procurement policies. Analytical assessment of amortization expense. No exceptions noted.

Group audit

In forming our opinion on the financial statements, we planned to perform work on the financial information of the components as follows:

Component	Component auditor	Audit response and engagement team involvement
Kearney & Area Public Library	Grant Thornton LLP	Since the Library is not a significant component in the Town's consolidated financial statements, Grant Thornton performed some analytical procedures on the Library's accounts.
Kearney-Perry Joint Waste Management Committee	Grant Thornton LLP	Grant Thornton performed a financial statement audit on the standalone financial statements of the Committee using a lower materiality level. Sufficient audit procedures were performed on the Committee to issue a separate opinion on the component's financial statements.

We coordinated our audit efforts between engagements and discussed relevant audit matters such as materiality, risk assessment, areas of audit focus, timing and required information for our audit of the consolidated financial statements.

Appendix C – Draft independent auditor's report

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 Town"), 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 Town of Kearney 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 Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town 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.

North Bay, Canada

Chartered Professional Accountants
Licensed Public Accountants

Appendix D – Draft management representation letter

September 21, 2023

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

Dear Sir/Madam:

We are providing this letter in connection with your audit of the consolidated financial statements of The Corporation of the Town of Kearney ("the Town") as of December 31, 2022, and for the year then ended, for the purpose of expressing an opinion as to whether the consolidated financial statements ("financial statements") present fairly, in all material respects, the financial position, results of operations, and cash flows of The Corporation of the Town of Kearney in accordance with Canadian public sector accounting standards.

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of September 21, 2023, the following representations made to you during your audit.

Financial statements

1. The financial statements referred to above present fairly, in all material respects, the financial position of the Town as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, as agreed to in the terms of the audit engagement.

Completeness of information

2. We have made available to you all financial records and related data and all minutes of the meetings of Council and committees of Council, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant Council and committee actions are included in the summaries.

3. We have provided you with unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

5. There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.

6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.

7. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.

8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.

9. We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.

Fraud and error

10. We have no knowledge of fraud or suspected fraud affecting the Town involving management, employees who have significant roles in internal control, or others, where the fraud could have a non-trivial effect on the financial statements.

11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements communicated by employees, former employees, analysts, regulators or others.

12. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

13. We believe that there are no uncorrected financial statement misstatements relating to the Town's financial statements.

Recognition, measurement and disclosure

14. We believe that the methods, significant assumptions and data used by us in making accounting estimates and related disclosures, including those used in arriving at the fair values of financial instruments, are appropriate to achieve recognition, measurement and disclosure that are in accordance with Canadian public sector accounting standards.

15. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.

16. All related party transactions have been appropriately measured and disclosed in the financial statements.

17. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

18. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.

19. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

20. There are no "off-balance sheet" financial instruments that exist.

21. The Town did not purchase any derivative financial instruments during the year.

22. With respect to environmental matters:

    a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;

    b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and

    c) commitments have been measured and disclosed, as appropriate, in the financial statements.

23. The Town has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the Town's assets.

24. We have disclosed to you, and the Town has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

25. The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the Town are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the Town are considered complete.

26. Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Section 3255 *Post Employment Benefits, Compensated Absences and Termination Benefits* of the Canadian public sector accounting standards issued by the Public Sector Accounting Board.

27. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

Other

28. We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the Town's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,

Leslie Harvie, Deputy Treasurer

Appendix E – Auditing developments

Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB	Effective date	Assessment of applicability
Issuance of CSQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, CSQM 2 *Engagement Quality Reviews* and revised CAS 220 *Quality Management for an Audit of Financial Statements* Auditors must effectively manage audit quality, both at the firm level and the engagement level. The IAASB recognised a need to strengthen standards addressing quality control and the AASB implemented similar changes to those made at the international level. In January 2021, the AASB unanimously approved the suite of quality management standards. CSQM 1 introduces a new approach to "managing quality". Quality management is intended to be proactive in nature and to be a continuous process. Implementing the new standard requires firms to analyse and enhance many of their internal processes to achieve effective quality management. This standard replaces the extant standard, CSQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements CSQM 2 deals specifically with the topic of engagement quality reviews (EQRs), which are performed by firms to obtain an objective evaluation of the significant judgments made by the engagement team and the conclusions reached. The standards setters recognized the importance of EQRs and noted that many stakeholders (including oversight bodies) were concerned that the requirements of CSQM 1 with respect to EQRs were not sufficiently robust. As a result, CSQM 2 was issued. CSQM 1 deals with the topic of when an EQR should be performed, while CSQM 2 covers the appointment and eligibility considerations related to the person performing the EQR and the performance and documentation requirements. CAS 220 was revised to clarify and strengthen the key elements of quality management at the engagement level by: • emphasizing that the engagement partner is responsible for managing and achieving quality at the engagement level • clarifying the engagement partner's responsibilities, and acknowledging the engagement partner can assign certain tasks/procedures to members of the engagement team who are appropriately skilled or suitably experienced in managing and achieving quality • modernizing the standard for the evolving environment	CSQM 1 is effective for audits or reviews of financial statements or other assurance engagements as of December 15, 2022 and related services engagements as of December 15, 2023. CSQM 2 is effective for audits or reviews of financial statements with periods beginning on or after December 15, 2022, other assurance engagements beginning on or after December 15, 2022 and related services engagements beginning on or after December 15, 2023. CAS 220 is effective for audits of financial statements for periods beginning on or after December 15, 2022.	CSQM 1 and CSQM2 adopted during 2022 audit.
Revisions to CAS 315 *Identifying and Assessing Risks of Material Misstatement* In July 2018, the IAASB issued an Exposure Draft proposing changes to ISA 315 that could drive more consistent and effective identification and assessment of the risks of material misstatement by auditors. The AASB published an Exposure Draft of the equivalent Canadian standard, which included the same proposed revisions as the ISA with no Canada-specific amendments. The revised CAS 315 has been issued and key amendments to the standard include the following: • Focusing on the applicable financial reporting framework in identifying and assessing risks of material misstatement • Updating the understanding of the system of internal control, including clarifying the work effort for understanding each of the components of internal control and "controls relevant to the audit", as well as the relationship between this understanding and the assessment of control risk • Updating aspects relating to IT, in particular to the IT environment, the applications relevant to the audit and general IT controls relevant to the audit	Periods beginning on or after December 15, 2021.	Adopted during 2022 audit.

Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB	Effective date	Assessment of applicability
• Introducing the new concepts of inherent risk factors, relevant assertions, significant classes of transactions, account balances and disclosures, and the spectrum of inherent risk • Separating the inherent risk and control risk assessments for assertion level risks, enhancing the requirements relating to financial statement level risks, and updating the definition of "significant risks"		
Revisions to CAS 600 *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* Many audits today are of group financial statements, also known as group audits, and these types of engagements can be very challenging. In April 2020, the International Auditing and Assurance Standards Board (IAASB) issued an Exposure Draft proposing changes to ISA 600 and related ISAs with the goals of strengthening the auditor's approach to planning and performing group audits and clarifying the interaction of ISA 600 with other ISAs and issued the final standard in 2022. The AASB issued the equivalent Canadian standard, which included the same revisions as the ISA with no Canada-specific amendments. The changes made to the standard were designed to: • Clarify the scope and applicability of the standard • Emphasise the importance of exercising professional skepticism throughout the group audit • Clarify and reinforce that all CASs need to be applied in a group audit situation • Focus the group engagement team's attention on identifying and assessing the risks of material misstatement of the group financial statements and emphasise the importance of designing procedures to respond to those risks • Reinforce the need for robust communication between the group engagement team and component auditors Include new guidance and considerations relating to testing common controls, addressing access restrictions, establishing materiality and documenting group audits.	Periods beginning on or after December 15, 2023.	No impact of 2022 audit.

Canadian Auditing Standards (CASs) and other Canadian Standards approved by the AASB but not issued	Effective date	Assessment of applicability
None.		

Canadian Exposure Drafts issued by the AASB	Effective date	Assessment of applicability
Potential revisions to CAS 500 *Audit Evidence* The current audit evidence standard was issued many years ago. Since then, developments in technology have affected how entities operate and process information and how audits are performed. In December 2020, the IAASB initiated a project to revise the current standard to respond to changes in the business environment. The Exposure Draft proposes several key changes: • To respond to changes in the information auditors use, including the nature and source of the information, a set of attributes has been developed to enhance the auditor's principle-based judgments related to audit evidence in a wide variety of circumstances. Enhancements and clarifications have also been made regarding the auditor's role when using information prepared by management's expert • To modernise the standard and support a principles-based approach that recognises the evolution in technology, new application material has been added, including explanations of how automated tools may affect auditor bias and examples that recognise the use of technology by the entity or the auditor • To foster professional skepticism when making judgments about information to be used as audit evidence and sufficient appropriate audit evidence, language has been added to emphasise the importance of maintaining professional skepticism at various stages, such as when attempting to ensure that audit procedures are being designed and performed in an unbiased manner.	The comment period for the Exposure Draft ended on March 15, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2025, but the exact effective date has not yet been established.	

Appendix F – PSAS Accounting developments

Public Sector Accounting Standards [updated December 31, 2022]	Effective date	Management assessment of applicability
Conceptual Framework for Financial Reporting in the Public Sector PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*. The new Conceptual Framework includes: • Characteristics of public sector entities • Objectives of financial reporting • Primary users of financial reporting and their expectations • Role of financial statements • Foundations and objectives of financial statements • Qualitative characteristics of information in financial statements • Qualitative characteristics of information in financial statements and related considerations • Definitions of elements • Criteria of general recognition and derecognition; and, • Concepts of general measurement and presentation As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. These Sections include: • Introduction to the Public Sector Accounting Handbook (formerly the Introduction to the Public Sector Accounting Standards) • PS 1150 *Generally accepted Accounting Principles* • PS 1201 *Financial Statement Presentation* • PS 1300 *Government Reporting Entity* • PS 2100 *Disclosure of Accounting Policies* • PS 2120 *Accounting Changes* • PS 2130 *Measurement Uncertainty* • PS 2200 *Related Party Transactions* • PS 3150 *Tangible Capital Assets* • PS 3200 *Liabilities* • PS 3210 *Assets* • PS 3400 *Revenue* • PS 3430 *Restructuring Transactions* • PS 3450 *Financial Instruments, and* • PS 4230 *Capital Assets Held by Not-for-Profit Organizations* The Conceptual Framework will be applied prospectively.	Fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted.	No impact on 2022 consolidated financial statements.

Public Sector Accounting Standards [updated December 31, 2022]	Effective date	Management assessment of applicability
Section PS 3160 *Public Private Partnerships* New Section PS 3160 *Public Private Partnerships* establishes standards on how to account for public private 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 main features of the new Section are: • The infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is also recognized when the public sector entity recognizes an asset • The infrastructure asset and corresponding liability are initially measured at the cost of the infrastructure asset • Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset • Subsequent measurement of the financial liability is at amortized cost using the effective interest method. When all or a portion of the liability represents a performance obligation, revenue is recognized, and the liability reduced in accordance with the substance of the public private partnership agreement (as performance is achieved) Retrospective or prospective application is permitted.	Fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.	No impact on 2022 consolidated financial statements.
Section PS 1000 *Financial statement concepts*, Section 1201 *Financial Statement Presentation*, and PSG-8 *Purchased intangibles* Section PS 1000 has been amended to remove the prohibition of recognition of purchased intangibles in public sector financial statements. Consequentially, Section PS 1201 has also been amended to remove disclosure requirements for unrecognized purchased intangibles since entities can now recognize purchased intangibles in their financial statements. Entities still reporting in accordance with Section PS 1200 *Financial Statement Presentation* can also adopt the amendments and recognize purchased intangible assets. New Public Sector Guideline, PSG-8 *Purchased intangibles*, has been issued to explain the scope of the intangibles that are allowed to be recognized in the financial statements given this amendment to Section PS 1000. However, it is important to note that no further recognition, measurement, disclosure and presentation guidance has been provided. The main features of PSG-8 include: • A definition of purchased intangibles (which does not include those received through a government transfer, contribution or inter-entity transaction) • Examples of items that are not purchased intangibles • References to other guidance in the Handbook on intangibles • Reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles Retrospective or prospective application is permitted.	Fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.	No impact on 2022 consolidated financial statements.

Public Sector Accounting Standards [updated December 31, 2022]	Effective date	Management assessment of applicability
Section PS 3400 *Revenues* New Section PS 3400 *Revenue* 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 main features of the new Section are: • Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer • Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer • Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset	Fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. (NOTE: The effective date was previously April 1, 2022, but in August 2020, as a result of the COVID-19 pandemic, the Public Sector Accounting Board (PSAB) has deferred the effective date by one year.)	No impact on 2022 consolidated financial statements.
Section PS 3450 *Financial instruments and* Section PS 2601 *Foreign currency translation* PS 2601 *Foreign currency translation* has been amended: • To provide an irrevocable accounting policy election for all financial assets and financial liabilities arising from a foreign currency transaction. This election allows a public sector entity to elect on initial recognition to recognize their exchange gains and losses on a financial asset or financial liability directly in the statement of operations. If this election is not chosen, unrealized foreign exchange gains and losses are included in remeasurement gains and losses until they are realized, upon which they are reclassified to the statement of operations • to require for financial assets and financial liabilities in the fair value category, that the exchange gain or loss component of the change in fair value is separated and recognized directly in the statement of operations in cases where the above accounting policy election was made and amounts subject to this election would not be considered remeasurement gains and losses For those public sector entities that applied PS 2601 to fiscal years beginning on or after April 1, 2012, the election may be made on a one-time basis, at the beginning of the fiscal year, for existing financial assets and financial liabilities arising from a foreign currency transaction. For any financial asset or financial liability for which this election is made, cumulative unrealized exchange gains and losses arising at the date of the election are recognized as an adjustment to the accumulated surplus or deficit at the beginning of the fiscal year in which this election is applied. Disclosure is required to indicate the use of this election and any adjustment to the accumulated surplus or deficit in the year of application. As a result of accounting policy election in PS 2601 noted above, PS 3450 has also been amended to require the disclosure of the carrying amounts of financial assets and financial liabilities in which exchange gains and losses are recognized directly in the statement of operations	For governments - Fiscal years beginning on or after April 1, 2022. For those public sector entities that applied PS 2601/PS 3450 to fiscal years beginning on or after April 1, 2012, the election in paragraph PS 2601.19A may be made on a one-time basis, at the beginning of the fiscal year, for existing financial assets and financial liabilities arising from a foreign currency transaction. This election may be applied no later than the fiscal year beginning on or after April 1, 2022. Earlier application is permitted.	No impact on 2022 consolidated financial statements.
Section PS 3280 *Asset retirement obligations* New Section PS 3280 *Asset Retirement Obligations* establishes standards on how to account for and report a liability for asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset. Asset retirement costs associated with a tangible capital asset increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner, while asset retirement costs associated with an asset no longer in productive use are expensed. Measurement of the liability for an asset retirement obligation should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date. A present value technique is often the best method to estimate the liability. Subsequent measurement of the liability can result in either a	Fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. (NOTE: The effective date was previously April 1, 2021, but in August 2020, as a result of the COVID-19 pandemic, the PSAB has deferred the effective date by one year.)	No impact on 2022 consolidated financial statements.

Public Sector Accounting Standards [updated December 31, 2022]	Effective date	Management assessment of applicability
change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the remeasurement or whether the asset remains in productive use. As a result of the issuance of Section PS 3280, the Public Sector Accounting Board (PSAB) approved the withdrawal of Section PS 3270 *Solid waste landfill closure and post-closure liability* as asset retirement obligations associated with landfills will be within the scope of PS 3280. PS 3280 does not address costs related to remediation of contaminated sites, which will continue to be addressed in Section PS 3260 *Liability for contaminated sites*. Some consequential amendments have been made to PS 3260 to conform with PS 3280 and further clarify the scope of each standard.		
Section PS 3450 *Financial instruments*, Section PS 2601 *Foreign currency translation*, Section PS 1201 *Financial statement presentation*, and PS 3041 *Portfolio investments* PS 3450 *Financial instruments* is a new Section that establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Some highlights of the requirements include: • a public sector entity should recognize a financial asset or a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument • financial instruments within the scope of the Section are assigned to one of two measurement categories: fair value, or cost / amortized cost • almost all derivatives are measured at fair value • fair value measurement is required for portfolio investments in equity instruments that are quoted in an active market • other financial assets and financial liabilities are generally measured at cost or amortized cost • until an item is derecognized, gains and losses arising due to fair value remeasurement are reported in the statement of remeasurement gains and losses when the public sector entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, the entity may elect to include these items in the fair value category • additional disclosures with respect to financial instruments will be required, including the nature and extent of risks arising from a public sector entity's financial instruments PS 2601 *Foreign currency translation* revises and replaces Section PS 2600 *Foreign currency translation*. Some highlights of the requirements include: • the deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items is discontinued • until the period of settlement, foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses rather than the statement of operations, unless an irrevocable election is made at initial measurement to recognize exchange gains and losses on a financial asset or financial liability directly in the statement of operations PS 1201 *Financial statement presentation* revises and replaces Section PS 1200 *Financial statement presentation*. The main amendment to this Section is the addition of the statement of remeasurement gains and losses. PS 3041 *Portfolio investments* revises and replaces Section PS 3040 *Portfolio investments*. The issuance of these new sections also includes consequential amendments to: • Introduction to accounting standards that apply only to government not-for-profit organizations • PS 1000 Financial statement concepts • PS 1100 Financial statement objectives • PS 2125 First-time adoption by government organizations	The new requirements are all required to be applied at the same time. For governments - Fiscal years beginning on or after April 1, 2022. For government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the CPA Canada Public Sector Accounting Handbook - Fiscal years beginning on or after April 1, 2012. For all other government organizations - Fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. (NOTE: For public sector entities other than government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, the effective date was previously April 1, 2021, but in August 2020, as a result of the COVID-19 pandemic, the PSAB has deferred the effective date by one year.)	No impact on 2022 consolidated financial statements.

Public Sector Accounting Standards [updated December 31, 2022]	Effective date	Management assessment of applicability
• PS 2500 Basic principles of consolidation • PS 2510 Additional areas of consolidation • PS 3050 Loans receivable • PS 3060 Government partnerships • PS 3070 Investments in government business enterprises • PS 3230 Long-term debt • PS 3310 Loan guarantees • PS 4200 Financial statement presentation by not-for-profit organizations PSG-6 *Including results of organizations and partnerships applying fair value measurement* was withdrawn as a result of the issuance of these sections. In April 2020, the PSAB issued amendments to clarify aspects of Section PS 3450's application and add new guidance to its transitional provisions. The amendments introduce changes to the accounting treatment for bond repurchase transactions. Specifically, the amendments no longer require bond repurchase transactions to be treated as extinguishments, unless they are discharged or legally released from the obligation or the transactions meet certain criteria to be considered an exchange of debt. The amendments also provide clarification on the application of certain areas of Section PS 3450, these include: • Section PS 3450 does not apply unless a contractual right or a contractual obligation underlies a receivable or payable • how a transfer of collateral pursuant to a credit risk management mechanism in a derivative contract is accounted for, and • derecognition of a financial asset does not occur if the transferor retains substantially all the risks and benefits of ownership Finally, the amendments have added new guidance to the transitional provisions as follows: • controlling governments should use the carrying values of the financial assets and liabilities in the records of its government organizations when consolidating a government organization • any unamortized discounts, premiums, or transaction costs associated with a financial asset or financial liability in the cost/amortized cost category should be included in the item's opening carrying value, and • in cases where derivatives were not recognized or were not measured at fair value prior to adopting PS 3450, any difference between the previous carrying value and fair value should be recognized in the opening balance of accumulated remeasurement gains and losses		

Minutes

REGULAR COUNCIL MEETING
Council Chambers
Thursday, September 7, 2023 – 6:00 p.m.

Council Members Present:	Mayor: Cheryl Philip Deputy Mayor: Michael Rickward Councillors: Keven Beaucage, Heather Pateman and Jill Sharer
Staff Present:	Nicole Gourlay, Clerk Administrator Cindy Filmore, Deputy Clerk Phil Watts – Tatham Engineering Brandon McKenzie – Tatham Engineering

1. **Call the Meeting to Order –** the meeting was called to order at 6:02 pm

2. **Approval of Agenda**
   Res. No. 224 – 23 **Keven Beaucage, Heather Pateman**
   BE IT RESOLVED that the Agenda of the Regular Council Meeting of the Corporation of the Town of Kearney of September 7, 2023 agenda, be adopted as amended:
   13.g. Slurry Seal
   CARRIED

3. **Disclosure of Interest**
   a. Heather Pateman – item 8.d.iii. Consent Agreement (Pateman)

4. **Presentations** - nil

5. **Delegations**
   a. **Tabbetha Guthro re:** Canine Muzzle Order
   Res. No. 208-23 **Michael Rickward, Keven Beaucage**
   BE IT RESOLVED that the Council of the Corporation of the Town of Kearney thanks Ms. Guthro for her information and directs to allow the removal of the muzzle, however should a complaint come to By-law, the order to muzzle the dog will be reinstated.
   CARRIED

6. **Public Meetings Pursuant to the Planning Act – nil**

7. **Public Meetings Pursuant to the Municipal Act – nil**

8. **Consent List**

   a. **Adoption of Council Minutes**
      i. Regular Council Meeting, Thursday, August 3, 2023

   b. **Receive Committee, Agency & Other Reports**
      i. Joint Waste Management Board, August 23, 2023

   c. **Staff Reports**
      i. DRAFT Consent Agreement (Pateman)
      ii. Clam Lake Road Report from Tatham
      iii. Quotations re: Seniors Room Windows
      iv. Quotations re: KCC Septic System
      v. Sand Lake Boat Ramp Report from Tatham
      vi. Recreation Committee Appointments
      vii. Draft Recreation Committee Terms of Reference
      viii. Gazebo Report
      ix. Transfer Station Report

   d. **By-laws**
      i. Fees & Charges
      ii. Procedural By-law
      iii. Enter into Consent Agreement (Pateman)
      iv. Shore Road Closing (Dyke)

Res. No. 226 -23 Michael Rickward, Jill Sharer
BE IT RESOLVED that Council accepts the Consent List of September 7 2023, and the Recommendations contained therein be adopted as Resolutions of Council, except for items 8.c.ii, 8.c.iii, 8.c.v., 8.c.vi, 8.d.ii. which shall be moved out of the consent list for discussion and debate.
CARRIED

9. Items Referred from the Consent List

a. Clam Lake Report from Tatham
Phil Watts from Tatham Engineering presented information regarding the various options available to Council regarding the completion of the Clam Lake Road project.

Councillors discussed the manner in which funding is earmarked for projects to get a better understanding of which options would be most feasible and to aid in determining budgetary considerations.

Res. No. 227-23 Keven Beaucage, Michael Rickward
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney thanks Tatham Engineering for their presentation and directs Staff to move forward with alternative #3
CARRIED

b. Sand Lake Boat Ramp Report from Tatham
Phil Watts from Tatham Engineering provided Council with information regarding the Sand Lake Boat Ramp. Tatham had reviewed alternative locations and potential sites on Sand Lake, but was unable to find a "better" location.

Res. No. 228-23 Heather Pateman, Keven Beaucage
BE IT RESOLVED that the Council of the Town of Kearney approves the recommendation from Tatham Engineering to move forward with the recommendation within the Sand Lake Boat Launch report to engage in engineering and a tender package
CARRIED

c. Quotations re: Seniors Room Windows

Res. No. 229-23 Keven Beaucage, Jill Sharer
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney approves and accepts the quotation from Bradenick Construction Services Inc. for the replacement of the windows in the Senior's Room and display board installation in the amount of $45,113.71 (not inclusive of HST)
CARRIED

d. Quotations re: KCC Septic System
Res. No. 230-23 Heather Pateman, Keven Beaucage
BE IT RESOLVED that Council of the Corporation of the Town of Kearney approves and accepts the quotation from Five Point Landscaping for the replacement of the septic system at the Community Centre and Municipal Office in the amount of $170,069.47 (inclusive of HST)
CARRIED

e. Recreation Committee Appointments
Res. No. 231-23 Michael Rickward, Jill Sharer
WHEREAS the Town of Kearney received applications from Karen Pudsey, Pauleen Patton, Laura Seaton, Tracey Mashinter and Patti Kennery to sit on the Recreation Advisory Committee;
NOW BE IT RESOLVED that the Council of the Corporation of the Town of Kearney appoints those listed above to sit on the Recreation Advisory Committee.
CARRIED

A question was raised regarding the inclusion of the Gazebo in the 2023 budget. Staff advised that it had not been included.

Council requested that budgetary information be provided on a regular basis. Staff advised that this was to be done on a quarterly basis and would be due at an upcoming October meeting.

f. **Procedural By-law**
Council discussed sections of the proposed Procedural By-law to determine their desires regarding electronic access to meetings

Res. No 232-23 Michael Rickward, Keven Beaucage
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney approves the passing of By-law 2023-49 known as the Procedural By-law
CARRIED

10. **Other Business**

11. **Payment Register**

12. **Correspondence for Information**
a. Township of Emo re: Black Ash Tree Classification under Endangered Species Act.

b. Chatham-Kent re: Time for Change – Municipal Freedom of Information and Protection of Privacy Act.
Res. No. 233 – 23 Michael Rickward, Keven Beaucage
BE IT RESOLVED that Correspondence Item 12.a. and 12.b. be received as information.
CARRIED

13. **Correspondence for Action**
a. **Hiring Committee for Treasurer Position**
Res. No. 234-23 Michael Rickward, Keven Beaucage
BE IT RESOLVED that Council herby appoints the Hiring Committee for the position of Treasurer to be Nicole Gourlay, Clerk-Administrator, an industry professional and Keven Beaucage
CARRIED

b. **Hiring Committee for Public Works Superintendent Position.**
Res. No. 235-23 Michael Rickward, Jill Sharer
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney appoints Nicole Gourlay, Clerk-Administrator, in industry professional and Michael Rickward to the hiring committee for the Public Works Superintendent
CARRIED

c. **District of Parry Sound Municipal Association Fall Meeting**
Res. No. 236-23 Heather Pateman, Jill Sharer
BE IT RESOLVED that the Clerk-Administrator and following members of Council will attend the District of Parry Sound Municipal Association Fall Meeting: Heather Pateman, Cheryl Philips, Jill Sharer
CARRIED

d. **ACED CIINO Funding**
Res. No. 237-23 Jill Sharer, Michael Rickward
WHEREAS the Corporation of the Town of Kearney recognizes the benefits that Almaguin Community Economic Development (ACED) provides to the Almaguin Highlands Region and its businesses, visitors and residents;
NOW THEREFORE BE IT RESOLVED that the Town of Kearney hereby declares their support for the Township of Armour's application to renew the ACED funding for another three-year term
CARRIED

e. **Regional Community Bus Partnership Appointment**
Res. No. 238-23 Keven Beaucage, Michael Rickward
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney hereby appoints Heather Pateman to the Regional Community Bus Partnership
CARRIED

f. **SLAPOA request to lower speed limit on North Shore Road**
Res. No. 239-23 Jill Sharer, Michael Rickward
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney thanks SLAPOA for their information regarding the speed on North Shore Road and recommends that Staff bring back a report regarding a process for lowering of speeds within the municipality.
CARRIED

g. **Slurry Seal and SST for Rain Lake Road**
Res. No. 240-23 Keven Beaucage, Michael Rickward
WHEREAS the Council of the Corporation of the Town of Kearney would like to ensure that their roads are maintained to the highest standards;
AND WHEREAS the Town of Kearney has only received a response from one vendor by way of quotations;
AND WHEREAS the Town deems is appropriate to sole-source from the vendor that provided a quote on Lawson Dr. for SST and Slurry Seal on Rain Lake Road;
THEREFORE BE IT RESOLVED that the Council of the Town of Kearney approves the quote from Duncor for slurry seal on Rain Lake Rd. in the amount of $87,500 and SST on Lawson Drive in the amount of $30,000.
CARRIED

14. **Notice of Motion**

15. **Council Announcements**
Councillor Beaucage –
- Attended the SLAPOA meeting and based on the concerns of the organization, is there a manner on which we can put a "note" on a property? Is a concern or an order able to be registered on file for properties?

  Staff responded that when a Zoning and Building Compliance is requested by a property owner or potential purchaser, past orders can be noted and that our CGIS records do note by-law infractions for properties/owners.

- Attended the Joint Waste Management Board meeting and noted that they are preparing to close Cell 1. Also, Perry has opted "in" to the new recycling programs where the company pays to pickup recycling at their facility. This may be the best option for Kearney to choose.

16. **Talk to the Mayor**

17. **Closed Session**
Res. No. 241-23 Heather Pateman, Keven Beaucage
BE IT RESOLVED that the Council of the Corporation of the Town at 8:15 p.m., moves into closed session under Section 239 (2) of the Municipal Act, under the following subsections:
(a) Labour Relations or Employee Negotiations;
(b) Personal Matters about an identifiable individual.

18. **Business Arising from Closed Session**
Res. No. 242-23 Heather Pateman, Cheryl Philip
BE IT RESOLVED that Council reconvenes in Open Session at 9:40 pm
CARRIED

Res. No. 243-23 Heather Pateman, Michael Rickward
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney directs the CBO, Brian Horsman to return all municipal equipment to the Town of Kearney immediately
CARRIED

Res. No. 244-23 Heather Pateman, Keven Beaucage
BE IT RESOLVED that the Council of the Corporation of the Town of Kearney thanks Brandi Nolan for her years of service at the Town of Kearney and directs Staff to present her with a cheque of $500.
CARRIED

19. **Confirming By-Law No. 2023-47**
Res. No. 245 – 23 Cheryl Philip, Jill Sharer
BE IT RESOLVED that By-law No. 2023-52, being a By-law to confirm the proceedings of Council of its Regular Meeting held of September 7, 2023, be approved.
CARRIED

20. **Adjournment**
Res. No. 246– 23 Michael Rickward, Heather Pateman
BE IT RESOLVED that the Regular Council Meeting of the Corporation of the Town of Kearney adjourn at 9:55 pm to meet again at 6:00 pm on Thursday, September 21, 2023 in the Council Chambers, Kearney, Ontario.

CARRIED

THE CORPORATION OF THE

TOWN OF KEARNEY

_____

Mayor

_____

Clerk

Date Printed
2023-09-14 10:01 AM

Town of Kearney
Accounts Report for Aug.30 - Sept.8
Batch: 2023-00052 to 2023-00054

Bank Code: AP - GENERAL AP

COMPUTER CHEQUE

Payment #	Date	Vendor Name		Payment Amount
33020	2023-08-31	Abell Pest Control	KCC & P/W Monthly Pest Control	222.46
33021	2023-08-31	Advanced Telecommunications	Office Telephone Programming	203.40
33022	2023-08-31	Auto Parts North	F/D Chainsaw Kit / Fuel 9in cut-off	2,187.48
33023	2023-08-31	Bell Mobility Inc.	P/W Monthly Cell / B/D Monthly Data Flex	185.46
33024	2023-08-31	Bell Canada	x 2 Months Telephone	1,567.36
33025	2023-08-31	Bell Canada (Internet)	Admin Internet x 2 months	366.94
33026	2023-08-31	Bowman Fuels Ltd.	P/W Diesel Purchases x 2	4,269.00
33027	2023-08-31	Burk's Falls Building Ctr Ltd	Supplies for Parks/KCC/P/W.	211.06
33028	2023-08-31	CRA - Receiver General	Payroll Deductions Aug 16-31	12,269.75
33029	2023-08-31	ClayMar Electric	P/W Shop Supplies	477.99
33030	2023-08-31	Cupe Local 1813	Union Dues for August	691.65
33031	2023-08-31	Currie Truck Centre	P/W Def Fluid	176.28
33032	2023-08-31	Curzon, Bruce	Trans Stn. KMs to Kallio (July 7-Aug 21)	194.48
33033	2023-08-31	Data Fix	Voterview 2026 Annual Payment	1,582.00
33034	2023-08-31	Ecovue Consulting Services Inc	Various Consultations (x8)	6,104.30
33035	2023-08-31	Fetterley's Gas & Convenience	Town Vehicles Gas (Aug. 2-14)	729.45
33036	2023-08-31	Glen Martin Ltd.	KCC Supplies for new washrooms.	1,086.90
33037	2023-08-31	Huronia Alarm & Fire Security	Lions Park CCTV / KCC Alarm Service	339.00
33038	2023-08-31	.I.machine services	P/W 2008 Sterling Repairs	142.94
33039	2023-08-31	Joiner, Jennifer	Lifeguard - Summer Swim Lessons	1,330.00
33040	2023-08-31	Joe Watt Trophy	Regatta - Trophies	1,424.37
33041	2023-08-31	Kawartha Credit Union - Visa	All Departments - Monthly bills	3,107.90
33042	2023-08-31	Kearney/Perry Waste Management	3rd Qtr Levy Payment	21,780.17
33043	2023-08-31	K.J.P.M. Inc	Roads - 2" minus gravel	244.11
33044	2023-08-31	LAS-Local Authority Services	Admin Office Supplies	139.73

Town of Kearney
Accounts Report for Aug.30 - Sept.8
Batch: 2023-00052 to 2023-00054

COMPUTER CHEQUE

Payment #	Date	Vendor Name		Payment Amount
33045	2023-08-31	LEA-Larocque Elder Architects	KCC Renovations Payment 22	10,806.16
33046	2023-08-31	Midwestern Line Striping Inc	Roads - 71 Kms line painting	3,835.56
33047	2023-08-31	Mark Niemi Trucking Services Inc.	Boat Ramp Crane Servic	3,051.00
33048	2023-08-31	Muskoka Springs Inc	KCC Cooler Water Jugs	80.10
33049	2023-08-31	Novexco Inc	Admin office Supplies	18.92
33050	2023-08-31	OMERS	Pension Dues for August	14,543.72
33051	2023-08-31	Cheryl Philip	Reimburse AMO Conference Expenses	594.87
33052	2023-08-31	PPE Solutions Inc	F/D Annual Air pack flow test	1,228.99
33053	2023-08-31	Rickwards Small Motors Inc	F/D 2023 Polaris Ranger	28,766.38
33054	2023-08-31	Russell Christie LLP	JEB General Matters	2,707.56
33055	2023-08-31	Sands Canada Inc./Angus	F/D Medical Supplies	497.10
33056	2023-08-31	Sel Warwick Inc.	P/W Calcium Chloride x 10 bags	9,661.50
33057	2023-08-31	StarMetroLand Media	Road Closing Advertising	1,158.03
33058	2023-08-31	Three Mile Truck	P/W Freightliner repair	223.34
33059	2023-08-31	Total Rentals	P/D Roadside Mowing	6,876.05
33060	2023-08-31	Vallen	F/D Cascade Aid Fill Stn Cert	1,625.49
33061	2023-09-08	Nolan, Brandi	Retirement Appreciation.	500.00

Total Computer Cheque: 147,208.95

Total AP: 147,208.95

Certified Correct This September 12, 2023

Be it resolved that Council has received the 'List of Accounts' report
for Cheques #33020 to #33061 in the total amount of $147,208.95

Staff Report

Staff Report No. SR-2023-039
Date: September 21, 2023
To: Mayor, Deputy Mayor and Members of Council
From: Nicole Gourlay, Clerk - Administrator
Subject: Cloud Permit Cancellation

Recommendation:

That Council accept this report and permit Staff to cancel the contract with Cloud Permit effective immediately.

Background:

Back a couple of years ago, the Town of Kearney with assistance from the AMO, LAS and Cloud Permit entered into a contract with Cloud Permit to provide building permitting support through the Cloud Permit system. This system was offered to many municipalities across Ontario through partnership with LAS and AMO. The idea was to allow municipalities who may have financial restrictions, try out the system for a reduced fee for one year and then without any commitment opt-out prior to the one-year anniversary passing.

Throughout the last month while learning more about what systems Kearney has in place, I learned that while we have had the Cloud Permit system for some time, no one has been trained on the system or has used it. We paid the implementation fee, but we are still using the old paper system and Staff developed systems for tracking permits both current and past.

From previous experience, I have used a different system through our existing GIS software which would allow one software application to be the internal communication tool for the entirety of the municipality. While discussing the two programs with Staff, it was brought to my attention that we have had the CBO module with our GIS software for some time. Staff had previously used it for inputting permit data back in 2019, 2020 and 221. The cost per year for Cloud Permit and CBO Module is $4,000.00 (plus HST) and roughly $2,700 respectively. After evaluating the costs and speaking with the interim CBO, I directed Staff to please contact Cloud Permit and request to cancel our contract with them. We were met with a lot of questions and ultimately, asked to set up a meeting. It was then brought to my attention that the Town was contractually obligated for another 3 years under the current contract. Realistically, in order to utilize the Cloud Permit System to its full capacity we would require at least one additional full-time administrative staff member for the building department. Therefore, to cancel the contract, the Town would be obligated to pay $12,000 plus HST.

Ultimately, Staff feel like the CBO module facilitated by our current GIS system is the best route for the municipality. They can provide the same level of service as Cloud Permit and for a lesser cost. There is no new training for Staff or getting used to a new system. Staff are comfortable with the current system and feel confident in having a “one stop” for all internal communication between departments at the Town of Kearney. From my perspective, it doesn’t sound like Staff were aware of the commitment of a five-year term and thought we were able to cancel it at any time. To provide for online applications, there will be an additional cost.

Financial Implications:
The main financial implications that Staff are requesting Council to consider is $12,000 in expenses to cancel the Cloud Permit system earlier than stated in the contract. The Interim CBO outlined that building permit fees were increased to off-set the $4000.00 cost per year for the Cloud Permit System. Therefore, if building fees were to remain the same, we would only require 40 permits to be issued per year to cover the $4,000.00 loss

of canceling this system. The cost for the CBO module is roughly $2,700.00/year without the online permitting system, which is not required. The online permitting option is something we could re-evaluate in the future should Staff receive requests for it.

If we continue with Cloud Permit, we will have additional Staff time to learn the new system and re-enter all of the permits that have already been entered into the CBO module on CGIS. We will also be paying roughly $1,300.00/year more after the three-year term that is outstanding from our contract with Cloud Permit.

Conclusion:
Staff believe the most efficient and effective to continue to use the CBO module as it allows Staff to utilize one software system for management of permits both in building and planning moving forward. The CGIS system will become our internal communication tool for Staff in all departments eventually.

Prepared by: Nicole Gourlay, Clerk-Administrator
Reviewed by: Matthew Clouthier, Interim CBO

TRANSFER STATION COUNCIL REPORT						
Date	**Monday Curbside Pick-up**	**Kearney**	**$**	**Sand Lake**	**$**	**Summary of Kallio's Waste $**
August 22	8	55	17.00	44	135.00	100C/35F
August 25		92	37.00	52	150.00	120C/30B
August 26		66	22.00	34	155.00	135C/20F
August 27		64	19.00	46	190.00	190C
August 28 **Rcpt. 230090-001**		53	10.00	45	186.00	
August 29		64	8.00	19	224.00	200C/24F
Sept.1		81	45.00	54	285.00	205C/10S/ 70B
Sept.2		52	11.00	39	100.00	100C
Sept.3	10	60	8.00	45	142.00	100C/40F/
Sept.4 **Rcpt. 230096-021**		54	85.00	32	167.00	100C/60F
Sept. 5		61	109.00	40	85.00	60B/25C
Sept. 8		43	7.00	28	180.00	40F/115C/ 25B
Sept. 9		36	2.00	27	605.00	70F/385B/ 150C
Sept. 10		50	8.00	31	210.00	210C
Sept. 11		30	0	21	510.00	150C / 360B
TOTALS		641	**388.00**	410	**3,324.00**	**Total $ 3,712.00**
COMMENTS						
Attendant: Josh Dresser			Date of Report: September 12, 2023			

Town of Kearney

COUNCIL RESOLUTION # _____-23

Date: Sept. 21, 2023

MOVED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl – Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

SECONDED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl - Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

BE IT RESOLVED that the Council of the Corporation of the Town of Kearney determines that, due to staff and Council scheduling, Council meetings for the month of November and December shall be changed from November 2nd and 16th to November 9th and from December 7th to December 14th.

CARRIED ❑_____ **DEFEATED** ❑ _____

Recorded Vote Requested by: _____

Recorded Vote:	For	Opposed
Beaucage, Keven	❑	❑
Pateman, Heather	❑	❑
Philip, Cheryl – Mayor	❑	❑
Rickward, Michael – Deputy Mayor	❑	❑
Sharer, Jill	❑	❑

DRAFT

Town of Kearney

COUNCIL RESOLUTION # _____-23

Date: September 7, 2023

MOVED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl – Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

SECONDED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl - Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

WHEREAS the Clerk – Administrator is part of the AMCTO Zone 7 Executive and traditionally would attend both spring and fall conferences within the zone;

AND WHEREAS Staff believes that conference and seminar training is vital to continuing education and fresh development of ideas;

THEREFORE BE IT RESOLOVED that Council of the Town of Kearney approves the Clerk – Administrator to attend the fall AMCTO Zone 7 Meeting in Sault Ste. Marie from November 1-3 2023 in the amount of $130.00 plus disbursements and accommodations.

CARRIED ❑_____ **DEFEATED** ❑ _____

Recorded Vote Requested by: _____

DRAFT

COUNCIL RESOLUTION # _____-23

Date: September 7, 2023

MOVED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl – Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

SECONDED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl - Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

WHEREAS the opening of the ROMA & OGRA 2024 Conferences will be happening soon;

AND WHEREAS Staff would like direction on which members of Council would like to attend such conferences in the new year to ensure tickets and accommodations are secured in a timely manner;

THEREFORE BE IT RESOLOVED THAT the Clerk – Administrator and the following members of Council _____, _____, _____, _____, _____ attend the 2024 ROMA Conference on January 21- 23 2024.

CARRIED ❑_____ **DEFEATED** ❑ _____

Recorded Vote Requested by: _____

DRAFT

Town of Kearney

COUNCIL RESOLUTION # _____-23

Date: September 21, 2023

MOVED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl – Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

SECONDED BY:

- ❑ Beaucage, Keven
- ❑ Pateman, Heather
- ❑ Philip, Cheryl - Mayor
- ❑ Rickward, Michael – Deputy Mayor
- ❑ Sharer, Jill

WHEREAS the Town of Kearney received an application from Janet Dunsmore to sit on the Recreation Advisory Committee;

AND BE IT RESOLVED that the Council of the Corporation of the Town of Kearney appoints those listed above to sit on the Recreation Advisory Committee.

CARRIED ❑_____ **DEFEATED** ❑ _____

Recorded Vote Requested by: _____

Recorded Vote:	For	Opposed
Beaucage, Keven	❑	❑
Pateman, Heather	❑	❑
Philip, Cheryl – Mayor	❑	❑
Rickward, Michael – Deputy Mayor	❑	❑
Sharer, Jill	❑	❑

DRAFT

Town of Kearney

Staff Report

Staff Report No.	SR-2023-40
Date:	September 21, 2023
To:	Mayor, Deputy Mayor and Members of Council
From:	Nicole Gourlay, Clerk - Administrator
Subject:	King William Transfer Station Review

Recommendation:

That Council approve this report and direct Staff to provide a draft agreement to property owners who wish to maintain Town owned roads with the standard clauses as recommended by the Municipal Solicitor.

Background:

Back in the spring, the Town was issued an MOL order regarding some hazards at the King William Transfer Station. While Staff has been working diligently in conjunction with the MOL as well as our contractors to provide for the best long-term solution.

The new Staff shelter was delivered the beginning of September. The electrical will be completed once we get a disconnect/reconnect from Hydro One, planned for September 27th. It has heating and air conditioning in the unit and Staff are keeping it on the trailer bed now as we are not certain of its final location. Once we are certain, we will need to apply for a building permit and put some sort of foundation underneath it.

The other part of the order is to fix the crumbling retaining wall and the barrier along the retaining wall. Fixing the retaining wall is obviously a bigger job and requires a lot more thought on what we would like to do. To fix the retaining wall, we would need engineering as well as a building permit due to the site being classified as industrial. Therefore, Staff began looking at alternatives, such as different types of bins – the garbage bin lids are constantly being repaired to ensure compliance with the MOL order as well –, changing the way in which we operate generally – moving of the bins –, and finally, keeping the bins but fixing the retaining wall. Some of these options really don't work with cost of new bins that wouldn't fill as full. Therefore, we would be paying more money for transportation costs. Rebuilding of the retaining wall could easily cost $200,000 - $300,000 overall.

Staff believe that Council has spoken a few times about compactors and while those can be a large investment today, the ROI could be seen quickly. With the recycling bins we would be looking at break away bins that range between $40,000 - $65,000 /bin plus installation and electrical depending on if we just get a standard 40 yd bin or one that can monitor and tell us (waste connections) when we need a pickup. The ROI on the recycling units could be seen within 3 years of purchase, especially if transportation costs continue to increase.

The garbage bins would be stationary on a cement pad (estimated at $10,000/pad at 12' x 35') plus $2,500.00 for installation and electrical for these as well. These bins would be monitored bins that would send a message to waste connections when we need a transport to the Landfill. Its plausible we wouldn't necessarily need 2 bins for garbage, but that information was not available at the time of this report. That can be determined prior to the issuance of the Request for Quotations and at that time, Council could determine if they want to move forward with two based on that recommendation from Staff or the industry experts quoting on the project.

We would also need to purchase fill, topsoil, and grass seed along with some physical barrier to showcase the laneway. The fill would be put in where the bins sit currently (see attached sketch for reference) and sloped down towards the laneway.

The final piece to this plan is to make the area where vehicles drive through, safe for Staff and the Public. Therefore, the MOL has outlined that a single lane of traffic between the bins and the Staff shelter be obtained. The MOL is currently doing a blitz on industrial sites as there has been a significant increase in accidents where Staff are struck by a vehicle. They like that there is an entrance and exit to the site through the current operations, but the ability to have three vehicles wide at times can cause hazards. Therefore, it is recommended that for now, we would install large STOP signs at the bottom of the elevation where vehicles come up to the bins currently (see on attached sketch), that state please wait for vehicle in front of you to leave and wait for the attendant to wave you through. Staff understand that this may upset members of the public since it will take quite a bit longer to dispose of waste and recycling materials. It is a MOL concern and Staff are trying to comply with what is being asked of us.

Financial Implications:
The financial implications of the recommendation to purchase new compactor bins for Recycling are as follows:
$40,000 - $65,000 (rough estimate) x2 = $80,000 - $130,000
$1,250 - $2,500 installation
Plus electrical

The financial implication of the new compactor garbage bins are as follows:
$40,000 - $50,000/bin (may only need one with compaction)
$10,000 cement pad
$2,500 Installation
Plus electrical

While the cost may seem steep at present, a cost we may not be able to determine until afterwards is the extension of the landfill's life with regard to purchasing a compactor for the garbage. The haulage isn't far to the landfill from the transfer station site. Therefore, we can't predict an ROI as early with the garbage compacting as we can with the recycling. However, over time we will see the impact the compactor will have on extending the lifespan of the landfill. As I am sure Council is aware, the cost associated with maintaining a closed landfill site through reporting etc. as well as the cost of shipping and disposing of our garbage somewhere else would be astronomical. Therefore, whatever we can do to extend the lifespan of the current landfill site, we should do as it would be in the best interest of the Town as a whole.

Conclusion:
Staff believe the most efficient and effective strategy to comply with the MOL order, create a more streamlined operation and extend the life of our landfill site would be to; remove the retaining wall and fill in that area where the bins currently sit, purchase new compactor bins for recycling (with monitoring), purchase a minimum of one garbage compactor bin (with monitoring) and create a one lane pathway for vehicles to keep Staff and the Public safe while attending the King William Transfer Station.

Prepared by: Nicole Gourlay, Clerk-Administrator


No Data
149
No Data

Town of Kearney

Staff Report

Staff Report No. SR-2023-41
Date: September 21, 2023
To: Mayor, Deputy Mayor and Members of Council
From: Nicole Gourlay, Clerk – Administrator (C-A)
Subject: Road Maintenance Agreements: Town owned and privately maintained

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Recommendation:

That Council approve this report and direct Staff to provide a draft agreement to property owners who wish to maintain Town owned roads with the standard clauses as recommended by the Municipal Solicitor.

Background:

After coming on board in June, the C-A was made aware of some concerns around Town owned road's that have previously been maintained by residents in order to provide for access to their properties year-round. It was the C-A's understanding that no agreement has been executed between the Town and the property owners on the road or a private company to maintain the Town's road.

From the C-A's previous experience, she has assisted in drafting and executing many of these agreements throughout the years. The Municipal Solicitor has written a letter to assist in outlining the key reasons behind the need for an agreement and insurance to mitigate risk to the municipality (please see attached the letter).

Staff believe the best way forward is to create a template agreement and send it to the property owners or businesses who wish to maintain Town owned roads. From there, they would be required to pay the fee and deposit as outlined in the fees and charges by-law as well as all legal fees associated with their agreement. This agreement would only be with the individual and could not be transferred in the event of a land sale or change in maintenance contractor (should that contractor be title to the agreement). From there, each agreement would have to come back to Council to authorize the Clerk and Mayor to enter into the agreement with the individual or business owner for maintenance of the specified property.

Financial Implications:
The financial implications of the agreement are held by the landowner or business wishing to facilitate the maintenance as they would be required to pay all fees associated with the agreement drafting. The financial implications to the Town of Kearney if Council should choose not to require an agreement with the landowners for maintenance could be extreme. This would depend on the litigation brought on based on the incident, as per the Municipal Solicitor's letter attached.

Conclusion:
Staff are requesting the implementation of an agreement for any and all persons who wish to maintain any of our Town owned road's regardless of them being opened or unopened Town roads. We also believe that the best path forward is to get draft agreements to these people as soon as possible, to get agreements executed prior to the need for winter maintenance.

Prepared by: Nicole Gourlay, Clerk-Administrator

Russell, Christie, LLP

Barristers & Solicitors

W.D. (Rusty) Russell, Q.C., (1925-2019)
Douglas S. Christie, B.A., LL.B. (retired)
William S. Koughan, LL.B.

Edward B. Veldboom, MSc. Pl. LL.B.
Michael F. Sirdevan, B.A. (Hons), LL.B.
Jennifer E. Biggar, B.A. (Hons), J.D.

September 12, 2023

Please reply to: Jennifer E. Biggar, Ext. 224
Email: jbiggar@russellchristie.com

Sent by Email

The Corporation of the
Town of Kearney
8 Main Street, PO Box 38
KEARNEY, ON, P0A 1M0

Attention: Nicole Gourlay

Dear Ms. Gourlay:

Re: Town of Kearney – JEB General Matters – Licence Agreements
File # 52-097-406

You have asked us to provide an explanation of why we recommend that a municipality enter into a licence agreement when permitting private landowners to use and/or maintain an unopened road allowance.

An unopened road allowance is a public highway as defined in the *Municipal Act, 2001*; however, it is "unopened" in that it is not maintained by the municipality as a road (and many unopened road allowances may be in a "natural state" and be unpassable at least to some extent). Notwithstanding that fact, as a public highway, the public has a right to travel over such road allowance. However, that "public right of passage" does not include any right to make any physical changes to the unopened road allowance to make it passable or more passable (as the case may be). Simply stated a person does not have the right to cut down trees, grade the land, undertake snow removal, pave, etc. Something as simple as rolling a small rock out of the way is not permitted unless the express written consent of the municipality that has jurisdiction over that road allowance has been obtained.

The municipality, as the owner of the unopened road allowance, has the right to "undo" any unauthorized alterations to a road allowance and to direct a person to cease any unauthorized activities. That being said, in many cases the use of the unopened road allowance may serve as the only manner of access to a property and the municipality may wish to authorize the use of the road allowance so as not to prevent that access. Additionally, a municipality may be approached by a private landowner who asks for permission to establish a new use and/or make new alterations to an unopened road allowance.

In such cases, the options which could be considered by a municipality include the following:

1. The municipality could choose to close and sell the unopened road allowance land to the party or parties who will use the road allowance (this might be chosen if the land currently has no, and will in the future have no, municipal purpose); or

2. In exchange for permitting the use and/or alterations, the municipality could require the landowner to enter into a licence agreement (the unopened road allowance would otherwise remain owned by the municipality and open for public use); or

3. The municipality could consider either closing the road allowance by by-law or passing a by-law to remove the "public right of passage" (but retain ownership of the land so that it could remain available for future municipal use), with any permitted use or alterations being subject to the landowner entering into a licence agreement. (In this scenario, it may also be possible to structure the permission as an easement/right-of-way, but whether that is appropriate requires special consideration, and in any event it would still require an agreement on similar terms as a licence).

In any case where the municipality will continue to own the land and will permit use, private maintenance and/or alterations on the road allowance, that use, maintenance and/or alteration should be subject to the landowner entering into an agreement.

Licence Agreements: Indemnification and Insurance Requirements

With respect to unopened road allowances, as noted above, a municipality has not assumed those roads for maintenance, and therefore it is not required to comply with the minimum maintenance standards in the *Municipal Act, 2001*. However, the municipality is still an occupier of the land for the purposes of the *Occupier's Liability Act*.

Pursuant to section 3(1) of the *Occupier's Liability Act*, an occupier of land is required to "take such care as in all the circumstances of the case is reasonable to see that persons entering on the premises, and the property brought on the premises by those persons are reasonably safe while on the premises". It must be noted that subsection (2) imposes this duty whether "the danger is caused by the condition of the premises or by an activity carried on on the premises".

Without further considering the Act, it is clear that any municipality would be judged by the reasonableness of its actions in making its property safe, recognizing that an unopened road allowance remains open to public use. Therefore, the implication of subsection 3(2) is that a municipality must take action, not only to make its property safe, but to prohibit or prevent specific activities from occurring on its property. The concern here is not necessarily about unopened road allowances left in their natural state, but instead with respect to those which the municipality has expressly authorized (or knows to be) to be altered in a way that makes the unopened road allowance more accessible, in particular by motor vehicles.

In consideration of the broad liability imposed by section 3, the *Occupier's Liability Act* balances "responsibilities" between the occupier and those who enter onto a property. Section 4(1) relieves an occupier from liability where risks have been "willingly assumed by the person who enters on the premises", provided that the occupier does not "create a danger with the deliberate intent of doing harm or damage to the person or his or her property and to not act with reckless disregard of the presence of the person or his or her property." The Act specifically identifies unopened road allowances as being subject to this modified duty of care. Based on this in our opinion when authorizing an individual to undertake works on a road allowance, the municipality cannot simply ignore the outcome of those works simply because the municipality does not have a duty to maintain the road allowance. In other words, if a municipality were to, for example, allow a property owner to install culverts and gravel driveways in a variety of terrains, there would remain a potential for liability to be imposed on both the landowner and the municipality if the work conducted by the landowner resulted in injuries to another person or property.

Accordingly, when exercising discretion to allow a landowner to use or conduct work on an unopened road allowance, the proper and reasonable course of action is to require the owner to indemnify the

municipality for any injuries that may arise as a result of the use and/or work done by the landowner (and authorized under agreement) and to take steps to avoid potential liability (i.e., insurance).

As a term of the licence agreement, the landowner must therefore provide indemnification of the municipality against any claims or actions which could be brought by third parties as a result of the permission granted by the agreement.

Further, to back up the indemnity, a municipality should require the landowner to have third party liability insurance and that the municipality be added to the policy as an additional insured. Typically, a commercial insurance policy will be required as the use may not be available under the landowner's homeowner's policy. While that means it may be more difficult for a landowner to obtain insurance coverage for the use of an unopened road allowance (especially if the public also has access), this is an important piece of protection for the municipality. Although the landowner would indemnify the municipality, it remains open to an injured party to sue both the landowner and the municipality and if the landowner does not have adequate resources and/or insurance to pay for damages and liability is imposed jointly or severally, the municipality's "deep pockets" remain exposed. Thus, requiring a landowner to have insurance that names the municipality as an additional insured provides assurances that potential claims would be covered without cost to the municipality.

Licence Agreements: Required Signage

Assuming that the road allowance has not been closed (and/or the public's right of passage has not been removed/restricted) the landowner should be required to erect a sign at the start of the unopened road allowance lands advising the public that the road is not municipally maintained and must be "used at one's own risk". The following is an example of appropriate wording:

> "THIS UNOPENED ROAD ALLOWANCE HAS NOT BEEN ASSUMED FOR PUBLIC USE BY THE MUNICIPALITY. IT IS PRIVATELY MAINTAINED FOR ACCESS TO ABUTTING LANDS. MEMBERS OF THE PUBLIC MAY STILL USE THIS UNOPENED ROAD ALLOWANCE, BUT DO SO AT THEIR OWN RISK".

Such a sign is an important step for a municipality to take to limit its liability. It provides notice to the public that the municipality does not maintain the road and that if the public chooses to use the road it will be willingly assuming the risks of that use.

Licence Agreements: Other Terms

Other licence agreements terms should include the following:

- Specifics about the type of use or alterations being permitted, any restrictions on the use, and/or any related requirements or standards (such as for construction, etc.).

- The term of the licence agreement (either expiry after a set number of years, with possible renewal, or continuing for an indefinite term).

- Licence fee particulars and/or any other costs to be borne by the landowner (including costs of the municipality) (deposits may be required for municipal costs).

- Security may be required if construction work is being undertaken in order to ensure the work is done correctly.

- Maintenance and repair obligations on the landowner.

- Confirmation that the licence agreement does not create an interest in land and is not a permanent right that would run with the land (in other words, it is not an easement).

- Assignment/Transfer (licence agreements are personal to the landowner who signs it, and typically these agreements will prohibit the agreement being transferred to a new property owner. This means that a new owner will need to enter into a new agreement with the municipality if it wants to continue the use and/or make alterations).

- Early termination clauses (for example, on default, or if the municipality requires the land for municipal purposes).

We recommend that a licence agreement template is created which contains the standards terms which the municipality will require for all agreements. Particular agreements should be customized however to reflect the particular landowner, property, type of use and/or alteration and any other special requirements.

Yours very truly,



JENNIFER E. BIGGAR
(Electronically signed)

JEB/

Corporation of the
Municipality of Magnetawan

Tel: (705) 387-3947
Fax: (705) 387-4875
www.magnetawan.com

P.O. Box 70, Magnetawan, Ontario P0A 1P0

RESOLUTION NO. 2023 – 272 **SEPTEMBER 13 2023**

Moved by: BBishop

Seconded by: John Hetherington

WHEREAS the Council of the Municipality of Magnetawan supports community events including the Canada Day Parade and Magnetawan Agricultural Fall Fair Parade;

AND WHEREAS due to current legislation and Ministry of Transportation policy an encroachment permit must be obtained to legally traverse and temporarily close a portion of Highway 520 running through the Village of Magnetawan as it is part of the Parade Route for these events;

AND WHEREAS historically the Municipality of Magnetawan has obtained these permits from the Ministry of Transportation without the Ontario Provincial Police being in attendance but aware of the event;

AND WHEREAS the Magnetawan Fire Department and Magnetawan Roads Department are qualified to temporarily close any roads located within the Municipality including a Provincial Highway in case of emergency;

AND WHEREAS due to OPP staffing complements and overwhelming requests from other surrounding communities that may be hosting events on the same day, assigning an Ontario Provincial Police Officer to these Community Events has the possibility of putting the Community at large at Risk;

AND WHEREAS fulfilling a paid duty request is voluntary and the cost of the paid duty request puts undue financial obligations on the ratepayers of our Municipality and non-profit organizations;

NOW THEREFORE BE IT RESOLVED THAT the Council of the Municipality of Magnetawan respectfully asks the Ministry of Transportation to reconsider their policy and legislation regarding having Ontario Provincial Police Officers in attendance at Provincial Highway temporary closures for community events which includes parades in the Almaguin Region and to authorize the OPP to grant the authority for a temporary road closure to a member of the Fire Department and/or Roads Department;

AND FURTHER THAT this resolution be circulated to the Honourable Premier Doug Ford, MPP Graydon Smith, MP Scott Aitchson, the Ministry of Transportation and surrounding Municipalities.

Carried ✓ Defeated____ Deferred____

Sam Dunnett, Mayor

Recorded Vote Called by: _____

Recorded Vote

Member of Council	Yea	Nay	Absent
Bishop, Bill			
Hetherington, John			
Hind, Jon			
Kneller, Brad			
Mayor: Dunnett, Sam			

Knowing our heritage we will build our future