
THE CORPORATION OF THE TOWN OF KEARNEY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the 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, 2023, 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, 2023, 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.

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

North Bay, Canada
September 5, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF KEARNEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022 (Restated - see Note 2)
FINANCIAL ASSETS		
Cash (Note 5)	\$ 3,460,626	\$ 4,128,150
Investments (Note 6)	141,450	134,669
Taxes receivable (Note 7)	330,940	294,842
Accounts receivable	508,570	462,533
Inventories held for resale	2,257	-
	4,443,843	5,020,194
LIABILITIES		
Accounts payable and accrued liabilities	917,082	963,581
Deferred revenue-general (Note 8)	324,621	237,471
Deferred revenue-obligatory reserve funds (Note 9)	190,446	158,098
Employee benefits payable (Note 10)	24,348	29,339
Long-term debt (Note 11)	81,368	105,077
Asset retirement obligations (Note 13)	395,023	309,963
	1,932,888	1,803,529
NET FINANCIAL ASSETS	2,510,955	3,216,665
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 16)	14,547,742	12,578,577
Inventories of supplies	147,506	191,492
Prepaid expenses	23,044	18,110
	14,718,292	12,788,179
ACCUMULATED SURPLUS (Note 17)	\$ 17,229,247	\$ 16,004,844

Contingencies (see Notes 3 and 15)
Contractual Obligations (see Note 14)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KEARNEY
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023 <i>(see Note 19)</i>	Actual 2023	Actual 2022 <i>(Restated - see Note 2)</i>
REVENUE			
Property taxes	\$ 3,649,570	\$ 3,768,809	\$ 3,431,982
User charges	295,034	324,131	324,092
Government transfers	2,056,357	1,824,516	1,207,209
Gain (loss) on disposal of tangible capital assets	-	(235,481)	14,166
Other	322,919	365,669	248,532
TOTAL REVENUE	6,323,880	6,047,644	5,225,981
EXPENSES			
General government	1,103,199	1,047,592	736,496
Protection to persons and property	1,110,604	1,155,968	1,005,143
Transportation services	1,605,811	1,374,781	1,497,428
Environmental services	325,174	353,354	316,285
Health services	158,493	158,493	155,126
Social and family services	317,951	316,707	317,619
Recreation and cultural services	356,490	406,312	293,016
Planning and development	22,231	10,034	51,514
TOTAL EXPENSES	4,999,953	4,823,241	4,372,627
ANNUAL SURPLUS <i>(Note 17)</i>	1,323,927	1,224,403	853,354
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
As previously reported	16,135,670	16,135,670	15,267,182
Change in accounting policy <i>(Note 2)</i>	(130,826)	(130,826)	(115,692)
AS RESTATED	16,004,844	16,004,844	15,151,490
ACCUMULATED SURPLUS, END OF YEAR	\$ 17,328,771	\$ 17,229,247	\$ 16,004,844

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, 2023

	Budget 2023 <i>(see Note 19)</i>	Actual 2023	Actual 2022 <i>(Restated - see Note 2)</i>
Annual surplus	\$ 1,323,927	\$ 1,224,403	\$ 853,354
Acquisition of tangible capital assets	(3,539,457)	(2,892,217)	(1,351,897)
Contributed tangible capital assets -net	-	(201)	(212)
Revaluation of tangible capital assets - ARO	-	(78,207)	-
Amortization of tangible capital assets	765,879	765,879	744,045
(Gain) loss on disposal of tangible capital assets	-	235,481	(14,166)
Proceeds from disposal of tangible capital assets	-	100	109,212
Change in supplies inventories	-	43,986	(99,487)
Change in prepaid expenses	-	(4,934)	631
Increase (decrease) in net financial assets	(1,449,651)	(705,710)	241,480
Net financial assets, beginning of year			
As previously reported	3,416,997	3,416,997	3,161,550
Change in accounting policy <i>(Note 2)</i>	(200,332)	(200,332)	(186,365)
As restated	3,216,665	3,216,665	2,975,185
Net financial assets, end of year	\$ 1,767,014	\$ 2,510,955	\$ 3,216,665

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KEARNEY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 <i>(Restated - see Note 2)</i>
Operating transactions		
Annual surplus	\$ 1,224,403	\$ 853,354
Non-cash charges to operations:		
Amortization of tangible capital assets	765,879	744,045
Accretion expense on ARO liability	13,348	13,807
Revaluation of tangible capital assets - ARO	(78,207)	-
Change in ARO liability excluding accretion and settlements	83,590	(8,326)
Contributed tangible capital assets - net	(201)	(212)
(Gain) loss on disposal of tangible capital assets	235,481	(14,166)
Change in employee benefits payable	(4,991)	(1,677)
	<u>2,239,302</u>	<u>1,586,825</u>
Changes in non-cash items:		
Taxes receivable	(36,098)	10,105
Accounts receivable	(46,037)	(247,948)
Inventories held for resale	(2,257)	59,770
Accounts payable and accrued liabilities	(46,499)	316,020
Deferred revenue-general	87,150	202,192
Deferred revenue-obligatory reserve funds	32,348	92,838
Settlement of asset retirement obligations	(11,878)	(12,068)
Inventories of supplies	43,986	(99,487)
Prepaid expenses	(4,934)	631
	<u>15,781</u>	<u>322,053</u>
Cash provided by operating transactions	<u>2,255,083</u>	<u>1,908,878</u>
Capital transactions		
Acquisition of tangible capital assets	(2,892,217)	(1,351,897)
Proceeds from disposal of tangible capital assets	100	109,212
Cash applied to capital transactions	<u>(2,892,117)</u>	<u>(1,242,685)</u>
Investing transactions		
Change in investments	(6,781)	412,261
Cash provided by (applied to) investing transactions	<u>(6,781)</u>	<u>412,261</u>
Financing transactions		
Debt principal repayments	(23,709)	(22,799)
Cash applied to financing transactions	<u>(23,709)</u>	<u>(22,799)</u>
Net change in cash	(667,524)	1,055,655
Cash, beginning of year	4,128,150	3,072,495
Cash, end of year	\$ 3,460,626	\$ 4,128,150
Cash flow supplementary information:		
Cash paid for interest	\$ 4,442	\$ 5,353

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, 2023

MANAGEMENT RESPONSIBILITY

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

(i) Consolidated and proportionally consolidated entities

The following local board is consolidated:

Kearney & Area Public Library

The following local committee is proportionally consolidated:

-Kearney-Perry Joint Waste Management Committee

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

(ii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit

Parry Sound District Social Services Administration Board

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

(iii) Accounting for school board transactions

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue 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) Non-financial assets

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

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset, as well as any asset retirement obligations related to the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 to 60 years
 Buildings - 15 to 95 years
 Machinery, equipment and furniture - 10 to 20 years
 Computer hardware and software - 2 to 10 years
 Vehicles - 10 to 25 years
 Roads - 3 to 50 years
 Bridges and culverts - 25 to 60 years
 Library books - 5 years

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

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

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

(b) Inventories of supplies

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) Pensions and employee benefits
The Town accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued as the employees render the services necessary to earn the benefits.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ix) Financial instruments

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

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

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

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

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

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

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Asset retirement obligations

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

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

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

(xi) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Town may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee sick leave benefits liability, estimated costs and timing of asset retirement obligations and supplementary taxes. Actual results could differ from these estimates.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$395,023. These estimates are subject to uncertainty because of several factors including, but not limited to estimated settlement dates, estimated costs and change in the discount rate. These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

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

On January 1, 2023 the Town adopted the following standards concurrently on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*. The adoption of these standards had no impact on the opening balances.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. This standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. This standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. This standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

On January 1, 2023 the Town adopted PS 3280 *Asset Retirement Obligations (ARO)* on a modified retroactive basis with prior period restatement.

PS 3280 establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. The new standard replaces PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability* under which the asset retirement obligation related to landfill sites had previously been recorded.

As a result of applying PS 3280, the asset retirement obligation and related tangible capital assets have been restated as follows:

	As Previously Reported	Adjustments	As Restated
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Tangible capital assets - net	\$ 12,509,071	\$ 69,506	\$ 12,578,577
Asset retirement obligations liability	109,631	200,332	309,963
Accumulated surplus	16,135,670	(130,826)	16,004,844
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS			
Total expenses	4,357,493	15,134	4,372,627
Annual surplus	868,488	(15,134)	853,354
Accumulated surplus, beginning of year	15,267,182	(115,692)	15,151,490
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS			
Annual surplus	868,488	(15,134)	853,354
Contributed tangible capital assets - net	(52)	(160)	(212)
Amortization of tangible capital assets	742,718	1,327	744,045
Increase (decrease) in net financial assets	255,447	(13,967)	241,480
Net financial assets, beginning of year	3,161,550	(186,365)	2,975,185
CONSOLIDATED STATEMENT OF CASH FLOWS			
Annual surplus	868,488	(15,134)	853,354
Amortization of tangible capital assets	742,718	1,327	744,045
Accretion expense on ARO liability	-	13,807	13,807
Change in ARO liability excluding accretion and settlements	(20,554)	12,228	(8,326)
Contributed tangible capital assets - net	(52)	(160)	(212)
Settlement of asset retirement obligations	-	(12,068)	(12,068)

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2023	2022
District of Parry Sound Social Services Administration Board	\$ 169,625	\$ 164,114
North Bay Parry Sound District Health Unit	27,548	25,747
Eastholme, District of Parry Sound (East) Home for the Aged	133,884	129,622
	\$ 331,057	\$ 319,483

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.

4. TRANSACTIONS ON BEHALF OF SCHOOL BOARDS

During the year, \$632,093 of taxation was levied on behalf of school boards (2022 - \$605,538).

5. CASH

Cash is comprised of:

	2023	2022
Unrestricted cash	\$ 3,270,180	\$ 3,970,052
Restricted cash	190,446	158,098
	\$ 3,460,626	\$ 4,128,150

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

6. INVESTMENTS

Investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from 2.25% to 5.40% and maturing between August 8, 2024 and October 28, 2024.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

7. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2023	2022
Taxes and amounts added for collection purposes-current year	\$ 257,583	\$ 179,211
Penalties and interest-current year	8,647	4,409
Taxes and amounts added for collection purposes-previous year	30,615	48,432
Penalties and interest-previous year	3,319	4,466
Taxes and amounts added for collection purposes-prior years	27,414	47,209
Penalties and interest-prior years	3,362	12,060
Valuation allowance	-	(945)
	\$ 330,940	\$ 294,842

8. DEFERRED REVENUE -GENERAL

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

	2023	2022
Balance, beginning of year:		
Kearney Dog Sled Races	\$ 6,775	\$ -
Kearney & Area Public Library	10,000	-
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
	237,471	35,279
Received and deferred during the year:		
Kearney Dog Sled Races	8,870	6,775
Kearney & Area Public Library	-	10,000
Northern Ontario Resource Development Support (NORDS)	88,896	193,846
Other Town of Kearney	11,173	12,661
Interest earned	13,148	5,387
	122,087	228,669
Recognized in revenue during the year	(21,147)	(13,391)
Refunded during the year	(13,790)	(13,086)
Balance, end of year	\$ 324,621	\$ 237,471
Kearney Dog Sled Races	\$ 8,870	\$ 6,775
Kearney & Area Public Library	-	10,000
Northern Ontario Resource Development Support (NORDS)	301,278	199,234
Ontario Cannabis Legalization Implementation Fund	3,300	7,172
Other Town of Kearney	11,173	14,290
Balance, end of year	\$ 324,621	\$ 237,471

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

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:

	2023	2022
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 14,072	\$ 11,478
Ontario Community Infrastructure Fund	31,523	-
Community-Building	112,503	53,782
	158,098	65,260
Received during the year:		
Recreational land (the Planning Act)	14,400	2,300
Ontario Community Infrastructure Fund	176,211	153,227
Community-Building	58,378	55,946
Interest earned	11,889	5,325
	260,878	216,798
Recognized in revenue during the year	(228,530)	(123,960)
Balance, end of year	\$ 190,446	\$ 158,098
Recreational land (the Planning Act)	\$ 29,285	\$ 14,072
Ontario Community Infrastructure Fund	99,621	31,523
Community-Building	61,540	112,503
Balance, end of year	\$ 190,446	\$ 158,098

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 an individual basis. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement as well as lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$24,348 (2022 - \$29,339) at the end of the year.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

11. LONG-TERM DEBT

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

	2023	2022
Ontario Infrastructure Projects Corporation serial debenture, due June 2030, repayable in semi-annual payments of \$6,597, including interest calculated at 4.88%	\$ 72,739	\$ 82,042
Royal Bank of Canada term loan, due July 2024, repayable in monthly payments of \$1,246, including interest calculated at 3.34%	8,629	23,035
	\$ 81,368	\$ 105,077

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

	Principal	Interest
2024	\$ 18,391	\$ 3,528
2025	10,244	2,950
2026	10,750	2,444
2027	11,281	1,913
2028	11,838	1,356
2029 onwards	18,864	927
	\$ 81,368	\$ 13,118

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

	2023	2022
Principal payments	\$ 23,709	\$ 22,799
Interest	4,442	5,353
	\$ 28,151	\$ 28,152

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

12. FINANCIAL INSTRUMENTS

Risks arising from financial instruments and risk management

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

Credit risk

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

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

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

2023				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 165,682	\$ 80,000	\$ -	\$ 245,682
Provincial	186,310	20,000	-	206,310
Other municipalities	1,000	-	-	1,000
Ratepayers - planning-related	-	-	46,830	46,830
Other	8,748	-	30,150	38,898
Valuation allowance	-	-	(30,150)	(30,150)
Net receivables	\$ 361,740	\$ 100,000	\$ 46,830	\$ 508,570
2022				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 127,548	\$ -	\$ -	\$ 127,548
Provincial	283,345	-	-	283,345
Other municipalities	17,420	-	-	17,420
Ratepayers - planning-related	-	-	18,250	18,250
Other	15,970	-	30,150	46,120
Valuation allowance	-	-	(30,150)	(30,150)
Net receivables	\$ 444,283	\$ -	\$ 18,250	\$ 462,533

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

12. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

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

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

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

2022					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 609,401	\$ 127,077	\$ -	\$ 227,103	\$ 963,581

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

Market risk

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

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

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

13. ASSET RETIREMENT OBLIGATIONS

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

In the past, the Town reported its obligations related to landfill closure and post-closure care requirements in accordance with PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. Under this standard, estimated expenditures related to the closure and subsequent maintenance of a landfill site were recognized in the financial statements over the operating life of the site.

New standard PS 3280 *Asset Retirement Obligations (ARO)* requires the recognition of the liability in full when the legal obligation arose. The liability is initially recorded at the estimated present value of future cash flows for closure and post-closure costs, and subsequently adjusted as the result of revisions to the estimated cost of the obligation (arising from a change in cost, timing, inflation, discount rate, or change in the legal obligation), for accretion of the discounted liability and for activities that occurred to settle all or part of the obligation. When initially recording this obligation, the estimated present value of future cash flows for closure and post-closure costs for active sites are capitalized to the carrying amount of the associated assets, and amortized over the operating life of the site, in proportion to its utilized capacity. Subsequent revisions to the estimated cost are also capitalized and amortized as part of the asset. When a site becomes inactive, the related assets are derecognized. For both active and inactive sites, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

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

The Town of Kearney landfill site stopped accepting waste in 2001 and is now in the monitoring stage. The liability for this site represents the total discounted future cash flows for post-closure care using an estimated long-term borrowing rate of 4.14% (2022 - 4.38%) and inflation rate of 2.6% (2022 - 2.4%). Post-closure care is estimated to be required until 2026 (2022 - 2026).

The Township of Perry and the Town of Kearney jointly operate a landfill site through the Kearney-Perry Joint Waste Management Committee. The liability for this site represents the total discounted future cash flows for closure and post-closure care using an estimated long-term borrowing rate of 4.37% (2022 - 4.71%) and inflation rate of 2.6% (2022 - 2.4%). The estimated remaining capacity of the site is approximately 95,000 (2022 - 94,143) cubic metres, estimated to be filled in 53 years (2022 - 51 years). Post-closure care is estimated to be required for a period of 25 years. The Committee has closure reserves of \$309,382 (2022 \$309,919) to fund this liability.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

13. ASSET RETIREMENT OBLIGATIONS (Continued)

In 2023, the Town adopted the new standard on a modified retroactive basis, and has restated the amounts previously recorded for the landfill closure and post-closure care liability and associated assets. The continuity of the asset retirement obligation for these sites is shown below:

2023			
	Kearney Share of Joint Waste Site (2023-44.3%; 2022-44.2%)	Kearney Site	Total
Balance, beginning of year - as previously reported	\$ 64,602	\$ 45,029	\$ 109,631
Adjustment due to change in accounting policy	200,332	-	200,332
Increase in liability reflecting changes in the estimated cash flows, inflation and discount rate	78,207	4,784	82,991
Increase in liability due to accretion (the passage of time)	11,377	1,971	13,348
Increase in liability due to change in Town's proportionate share	599	-	599
Decrease in liability due to settlement	-	(11,878)	(11,878)
Balance, end of year	\$ 355,117	\$ 39,906	\$ 395,023

2022			
	Kearney Share of Joint Waste Site (2022-44.2%; 2021-44.1%)	Kearney Site	Total
Balance, beginning of year - as previously reported	\$ 71,442	\$ 58,743	\$ 130,185
Adjustment due to change in accounting policy	188,415	-	188,415
Increase (decrease) in liability reflecting changes in the estimated cash flows, inflation and discount rate	(7,002)	(3,536)	(10,538)
Increase in liability due to accretion (the passage of time)	11,917	1,890	13,807
Increase in liability due to change in Town's proportionate share	162	-	162
Decrease in liability due to settlement	-	(12,068)	(12,068)
Balance, end of year	\$ 264,934	\$ 45,029	\$ 309,963

14. CONTRACTUAL OBLIGATIONS

The Town has contracted Bradanick Construction Services Inc. to perform renovations on the community centre at a cost of \$2,221,270 plus HST. To the end of the year, \$1,956,190 of work on this project had been completed. The balance of the work is expected to be completed in 2024.

In 2023, the Town awarded a two-year contract to A Miron Topsoil Ltd for the supply and trucking of winter sand/salt in the amount of \$49,500 plus HST for 2023 and \$71,000 for 2024.

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023

15. CONTINGENCIES

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

16. TANGIBLE CAPITAL ASSETS

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

2023							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads, Bridges and Other Structures	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,534,328	\$ 1,242,540	\$ 1,037,116	\$ 2,427,040	\$ 21,112,092	\$ 812,356	\$ 28,165,472
Additions and betterments	340,064	1,004,712	324,537	880,561	238,753	181,797	2,970,424
Contributed assets	391	34	86	-	-	-	511
Disposals and writedowns	(43,319)	(466,245)	(98,984)	(286,122)	(117,894)	-	(1,012,564)
Transfer between classes	-	756,502	-	-	-	(756,502)	-
BALANCE, END OF YEAR	1,831,464	2,537,543	1,262,755	3,021,479	21,232,951	237,651	30,123,843
ACCUMULATED AMORTIZATION							
Balance, beginning of year	380,848	734,752	599,440	1,165,497	12,706,358	-	15,586,895
Annual amortization	27,440	52,563	72,017	181,297	432,562	-	765,879
Accumulated amortization - contributed assets	231	11	68	-	-	-	310
Amortization disposals	(40,776)	(287,876)	(93,351)	(237,085)	(117,895)	-	(776,983)
BALANCE, END OF YEAR	367,743	499,450	578,174	1,109,709	13,021,025	-	15,576,101
TANGIBLE CAPITAL ASSETS-NET	\$ 1,463,721	\$ 2,038,093	\$ 684,581	\$ 1,911,770	\$ 8,211,926	\$ 237,651	\$ 14,547,742

2022

Restated - see Note 2

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads, Bridges and Other Structures	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,451,438	\$ 1,242,844	\$ 956,908	\$ 2,346,066	\$ 21,092,105	\$ 80,872	\$ 27,170,233
Additions and betterments	82,499	1,834	155,901	248,889	131,290	731,484	1,351,897
Contributed assets	391	34	86	-	-	-	511
Disposals and writedowns	-	(2,172)	(75,779)	(167,915)	(111,303)	-	(357,169)
BALANCE, END OF YEAR	1,534,328	1,242,540	1,037,116	2,427,040	21,112,092	812,356	28,165,472
ACCUMULATED AMORTIZATION							
Balance, beginning of year	353,108	715,994	600,811	1,103,762	12,330,999	-	15,104,674
Annual amortization	27,517	20,049	69,148	172,869	454,462	-	744,045
Accumulated amortization - contributed assets	223	10	66	-	-	-	299
Amortization disposals	-	(1,301)	(70,585)	(111,134)	(79,103)	-	(262,123)
BALANCE, END OF YEAR	380,848	734,752	599,440	1,165,497	12,706,358	-	15,586,895
TANGIBLE CAPITAL ASSETS-NET	\$ 1,153,480	\$ 507,788	\$ 437,676	\$ 1,261,543	\$ 8,405,734	\$ 812,356	\$ 12,578,577

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

17. ACCUMULATED SURPLUS

The 2023 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year <i>(Restated - Note 2)</i>	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working funds	\$ 315,377	\$ (6,815)	\$ 308,562
Election	-	4,075	4,075
Sick leave	31,212	-	31,212
Municipal capital	445,784	-	445,784
Modernization funding	337,316	(337,316)	-
Municipal buildings	450,000	(365,662)	84,338
Bridges and culverts	682,405	240,000	922,405
Roads equipment	130,857	167,819	298,676
Fire equipment	324,563	(321,074)	3,489
CUPE negotiations	12,566	(2,591)	9,975
UFCW negotiations	13,389	(7,506)	5,883
Muskoka Algonquin Hospital	-	108,750	108,750
Recreation and culture	211,742	(7,894)	203,848
Dog sled races	24,763	(7,042)	17,721
Regatta	17,678	2,296	19,974
Kearney Community Centre	10,664	3,877	14,541
Library Board	5,841	5,047	10,888
Joint Waste Management Committee <i>(2023: 44.3%; 2022: 44.2%)</i>	195,824	2,090	197,914
Ralph Bice reserve fund	9,924	604	10,528
	3,219,905	(521,342)	2,698,563
OTHER			
Consolidated tangible capital assets	12,578,577	1,969,165	14,547,742
General operating surplus -			
Town	642,811	(166,940)	475,871
Library Board	4,098	3,712	7,810
Joint Waste Management Committee <i>(2023: 44.3%; 2022: 44.2%)</i>	3,832	(3,832)	-
Unfunded amounts -			
Long-term debt	(105,077)	23,709	(81,368)
Employee benefits	(29,339)	4,991	(24,348)
Asset retirement obligations	(309,963)	(85,060)	(395,023)
	\$ 16,004,844	\$ 1,224,403	\$ 17,229,247

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

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

General Government

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

Protection to Persons and Property

This segment includes fire, police, building inspection, emergency measures and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract. The fire department provides vital emergency services to the community including fire prevention, public education and emergency planning.

Transportation Services

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

Environmental Services

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

Health Services

This segment includes contracted ambulance services as well as payments to the district health unit.

Social and Family Services

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

Recreation and Culture

This segment includes parks, recreation programs and recreation facilities.

Library

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

Planning and Development

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

Unallocated Amounts

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

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Library Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,768,809	\$ 3,768,809
User charges	4,740	216,550	11,542	32,078	-	-	49,477	144	9,600	-	324,131
Government transfers -											
Canada	-	-	117,207	-	-	-	75,094	-	-	-	192,301
Ontario	30,962	6,627	111,323	96,350	-	12,825	627,582	6,018	-	735,400	1,627,087
Other municipalities	-	5,128	-	-	-	-	-	-	-	-	5,128
Loss on disposal of capital assets	-	(49,730)	-	(2,542)	-	(6,989)	(176,083)	(137)	-	-	(235,481)
Other	125	11,205	4,349	14,604	-	111	16,986	20,295	-	297,994	365,669
TOTAL REVENUE	35,827	189,780	244,421	140,490	-	5,947	593,056	26,320	9,600	4,802,203	6,047,644
EXPENSES											
Salaries, wages and benefits	657,995	536,375	404,022	85,254	-	-	101,397	26,106	-	-	1,811,149
Long-term debt charges (interest)	-	3,892	550	-	-	-	-	-	-	-	4,442
Materials	137,937	171,613	371,604	28,139	-	28	133,614	6,801	255	-	849,991
Contracted services	231,359	361,473	23,047	216,483	128,342	1,728	40,723	1,522	9,779	-	1,014,456
Rents and financial expenses	5,583	3,542	6,624	-	-	-	11,014	118	-	-	26,881
External transfers	3,435	-	-	-	30,151	303,509	-	-	-	-	337,095
Amortization	11,283	79,073	568,934	10,130	-	11,442	72,736	12,281	-	-	765,879
Accretion of ARO liability	-	-	-	13,348	-	-	-	-	-	-	13,348
TOTAL EXPENSES	1,047,592	1,155,968	1,374,781	353,354	158,493	316,707	359,484	46,828	10,034	-	4,823,241
ANNUAL SURPLUS (DEFICIT)	\$ (1,011,765)	\$ (966,188)	\$ (1,130,360)	\$ (212,864)	\$ (158,493)	\$ (310,760)	\$ 233,572	\$ (20,508)	\$ (434)	\$ 4,802,203	\$ 1,224,403

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2022
(Restated - see Note 2)

	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	265,883	10,899	26,497	-	-	2,297	129	13,525	-	324,092
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	27,421	12,497	8,832	-	1,065	33,143	2,901	200	159,180	248,532
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	76,736	-	-	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	591,394	14,322	-	4,728	36,637	11,585	-	-	744,045
Accretion of ARO liability	-	-	-	13,807	-	-	-	-	-	-	13,807
TOTAL EXPENSES	736,496	1,005,143	1,497,428	316,285	155,126	317,619	248,858	44,158	51,514	-	4,372,627
ANNUAL SURPLUS (DEFICIT)	\$ (728,341)	\$ (707,342)	\$ (1,329,841)	\$ (201,881)	\$ (155,126)	\$ (298,588)	\$ 54,459	\$ (35,259)	\$ (37,789)	\$ 4,293,062	\$ 853,354

THE CORPORATION OF THE TOWN OF KEARNEY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2023

19. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. For unbudgeted items (amortization of tangible capital assets and asset retirement obligation accretion), the actual amounts for 2023 were used to adjust the reported budget amounts. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (642,811)
Decrease in Library Board operating surplus	(4,098)
Decrease in Joint Waste Management Committee operating surplus	(3,837)
Decrease in consolidated reserves and reserve funds	(858,004)
ADJUSTMENTS:	
Acquisition of tangible capital assets	3,539,457
Amortization of tangible capital assets	(765,879)
Accretion of asset retirement obligations	(13,337)
Settlement of asset retirement obligations	48,727
Decrease in long-term debt	23,709
ANNUAL SURPLUS	\$ 1,323,927

20. 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million with respect to benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 was \$80,682 (2022 - \$74,527) for current and prior-year service and is included as an expense on the Consolidated Statement of Operations.

21. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Town purchased materials in the amount of \$23,175 (2022 - \$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.

22. COMPARATIVE FIGURES

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