
THE CORPORATION OF THE TOWN OF KEARNEY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE CORPORATION OF THE TOWN OF KEARNEY
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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.

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

North Bay, Canada
September 21, 2023

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	963,581	647,561
Deferred revenue-general (Note 8)	237,471	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

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

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

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

	Budget 2022 <i>(see Note 18)</i>	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	1,484,199	1,497,428	1,334,635
Environmental services	315,779	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 <i>(Note 16)</i>	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

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 <i>(see Note 18)</i>	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	-	(99,487)	(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

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, 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	10,105	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

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.

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, 2022

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash

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

(iii) 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 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, 2022

- (v) Deferred Revenue
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specific purpose.
- (vi) Reserves and reserve funds
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.
- (vii) Government transfers
Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.
- (viii) Taxation and related revenue
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Town based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Town is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits
The Town accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued as the employees render the services necessary to earn the benefits.
- (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.

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

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

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:

	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 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 \$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

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 \$64,602 (2021 \$71,442) in the financial statements related to its proportionate share of this liability.

13. CONTRACTUAL OBLIGATIONS

In 2021 the Town arranged the purchase of a fire pumper/tanker from Carrier Centers Emergency Vehicles at a cost of \$502,785 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	172,869	454,462	-	742,718
Accumulated amortization - contributed assets	337	10	66	-	-	-	413
Amortization disposals	(69,326)	(1,301)	(70,585)	(111,134)	(79,103)	-	(331,449)
BALANCE, END OF YEAR	360,712	734,752	599,440	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

2021							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads, Bridges and Other Structures	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,318,902	\$ 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

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.

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	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	12,995	-	4,728	36,637	11,585	-	-	742,718
TOTAL EXPENSES	736,496	1,005,143	1,497,428	301,151	155,126	317,619	248,858	44,158	51,514	-	4,357,493
ANNUAL SURPLUS (DEFICIT)	\$ (728,341)	\$ (707,342)	\$ (1,329,841)	\$ (186,747)	\$ (155,126)	\$ (298,588)	\$ 54,459	\$ (35,259)	\$ (37,789)	\$ 4,293,062	\$ 868,488

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	91,162	-	-	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	607,542	11,463	-	4,972	35,882	12,286	-	-	759,375
TOTAL EXPENSES	704,736	942,182	1,334,635	313,487	140,021	313,268	215,738	40,481	53,703	-	4,058,251
ANNUAL SURPLUS (DEFICIT)	\$ (666,556)	\$ (697,826)	\$ (1,183,175)	\$ (235,255)	\$ (140,021)	\$ (300,566)	\$ (193,469)	\$ (33,564)	\$ (45,273)	\$ 4,295,714	\$ 800,009

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

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.