

**The Corporation of the Town of Parry Sound**  
**Consolidated Financial Statements**  
**For the year ended 2023**

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## Independent Auditor's Report

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To the Mayor and Councilors of The Corporation of the Town of Parry Sound

### Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Parry Sound (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of operations and accumulated surplus, the consolidated statement of change in net financial assets and the consolidated statement of 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 consolidated financial position of the Town as at December 31, 2023, and its consolidated results of operations, its consolidated change in net financial assets and, its consolidated cash flows for the year then ended in accordance 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 the 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 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.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
March 28, 2025

## The Corporation of the Town of Parry Sound Consolidated Statement of Financial Position

December 31	2023	2022
		Restated (note 3)
<b>Financial assets</b>		
Cash (note 4)	\$ 43,895,554	\$ 38,039,771
Short-term investments (note 5)	5,662,848	5,124,084
Taxes receivable (note 6)	1,211,413	793,959
Accounts receivable	2,712,809	2,860,944
Inventories held for resale	71,752	105,079
Long-term receivables (note 7)	3,038,324	707,502
Investment in Lakeland Holding Ltd.(note 8)	5,855,104	5,855,104
	<u>62,447,804</u>	<u>53,486,443</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	4,813,436	4,675,763
Accrued interest on debt	192,124	201,482
WSIB future benefits liability (note 10)	40,200	40,200
Deferred revenue - general (note 12)	4,131,940	3,266,534
Deferred revenue - obligatory reserve funds (note 13)	1,405,962	1,570,063
Long-term debt (note 14)	17,154,034	18,124,514
Obligations under capital lease (note 15)	541,297	-
Asset retirement obligations (note 20)	1,867,928	1,687,441
	<u>30,146,921</u>	<u>29,565,997</u>
<b>Net financial assets</b>	<u>32,300,883</u>	<u>23,920,446</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 19)	123,346,309	124,400,087
Prepaid expenses	95,559	775,363
	<u>123,441,868</u>	<u>125,175,450</u>
<b>Accumulated surplus (note 21)</b>	<u>\$ 155,742,751</u>	<u>\$ 149,095,896</u>

Contingencies and commitments (notes 16 and 17)

Approved by Council

\_\_\_\_\_ Mayor

\_\_\_\_\_ Chief Administrative Officer

# The Corporation of the Town of Parry Sound

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2023 (note 27)	2023	2022 Restated (note 3)
<b>Revenue</b>			
Property taxation (note 22)	\$ 12,717,810	\$ 13,329,955	\$ 12,358,835
Taxation from other governments	509,018	530,437	513,360
Revenue from other municipalities (note 25)	5,174,910	7,431,663	4,655,962
User charges	8,570,136	8,484,784	8,244,813
Government grants - Federal	110,000	946,868	896,768
Government grants - Provincial (note 25)	9,166,460	10,687,242	10,715,796
Investment income	436,124	2,526,637	1,028,997
Penalties and interest on taxes/utilities	125,000	158,238	123,540
Donations	146,200	71,240	25,029
Fines (note 24)	872,495	869,202	927,713
Other	402,541	564,288	408,641
Dividend income - Lakeland Holding Ltd. (note 8)	311,400	311,400	311,400
	<u>38,542,094</u>	<u>45,911,954</u>	<u>40,210,854</u>
<b>Expenses</b>			
General government	3,543,670	2,640,220	2,528,160
Protection services (note 24)	4,580,258	4,458,563	4,439,353
Transportation services	5,443,046	5,249,081	4,981,979
Environmental services	7,187,968	6,428,688	6,320,673
Health services (note 25)	12,427,327	12,231,259	11,404,583
Social and family services	437,084	437,083	426,948
Recreation and cultural services	4,492,177	4,396,242	3,971,523
Planning and development	1,177,591	2,994,643	1,309,156
	<u>39,289,121</u>	<u>38,835,779</u>	<u>35,382,375</u>
<b>Annual surplus (deficit)</b>	<u>(747,027)</u>	<u>7,076,175</u>	<u>4,828,479</u>
<b>Accumulated surplus, beginning of year</b>	<u>149,361,230</u>	<u>149,361,230</u>	<u>144,532,751</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 148,614,203</u>	<u>\$ 156,437,405</u>	<u>\$ 149,361,230</u>

**The Corporation of the Town of Parry Sound**  
**Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2023	2023	2022 Restated (note 3)
<b>Annual surplus (deficit)</b>	\$ (747,027)	\$ 7,076,175	\$ 4,828,479
Acquisition of tangible capital assets	-	(4,285,535)	(5,251,164)
Amortization of tangible assets	5,302,387	5,619,798	5,527,213
Gain on disposal of tangible capital assets	-	184,461	36,539
Proceeds on sale of tangible capital assets	-	(222,799)	-
Change in estimate of TCA - ARO (note 3)	-	(180,487)	(53,594)
Obligation under capital lease	-	(489,785)	-
Use (acquisition) of prepaid expenses	-	679,805	(121,905)
<b>Net change in net financial assets</b>	4,555,360	8,381,633	4,965,568
<b>Net financial assets, beginning of the year, as previously stated</b>	24,184,254	24,184,254	20,798,938
<b>Net financial asset PSAS adjustment (note 3)</b>	-	-	(1,580,252)
<b>Net financial assets, beginning of the year, as restated</b>	24,184,254	24,184,254	19,218,686
<b>Net financial assets, end of year</b>	\$ 28,739,614	\$ 32,565,887	\$ 24,184,254

# The Corporation of the Town of Parry Sound

## Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022
		Restated (note 3)
<b>Operating transactions</b>		
Annual surplus	\$ 7,076,175	\$ 4,828,479
Items not involving cash:		
Amortization	5,619,798	5,527,213
Gain on disposal of tangible capital assets	(184,461)	36,539
Change in estimate of TCA - ARO	55,355	53,594
Changes in non-cash operating working capital:		
Taxes receivable	(417,454)	(132,460)
Accounts receivable	148,135	(683,403)
Inventories held for resale	33,327	(35,383)
Prepaid expenses	679,804	(121,905)
Long-term receivables	(2,330,823)	28,814
Accounts payable and accrued liabilities	137,674	1,416,856
Accrued interest on debt	(9,358)	(9,790)
Deferred revenue - general	865,406	328,111
Deferred revenue - obligatory reserve funds	(164,101)	304,687
<b>Total operating transactions</b>	<b>11,509,477</b>	<b>11,541,352</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,285,535)	(5,251,164)
Proceeds on sale of tangible capital assets	222,799	-
<b>Total capital transactions</b>	<b>(4,062,736)</b>	<b>(5,251,164)</b>
<b>Investing transactions</b>		
Increase in short term investments	(538,764)	(91,604)
<b>Financing transactions</b>		
Repayment of obligation under capital lease	(80,518)	-
Repayment of long-term debt	(970,480)	(1,159,811)
	<b>(1,050,998)</b>	<b>(1,159,811)</b>
<b>Increase in cash</b>	<b>5,856,979</b>	<b>5,038,773</b>
<b>Cash, beginning of year</b>	<b>38,069,722</b>	<b>33,030,949</b>
<b>Cash, end of year</b>	<b>\$ 43,926,701</b>	<b>\$ 38,069,722</b>

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# The Corporation of the Town of Parry Sound

## Notes to the Consolidated Financial Statements

December 31, 2023

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### 1. Significant Accounting Policies

#### Management's Responsibility for the Financial Statements

The consolidated financial statements of The Corporation of the Town of Parry Sound (the "Town") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Town is a municipality in the Province of Ontario, Canada. It conducts its operations guided by provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation. The Town provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

#### Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. In addition to the general government tax supported operations, the larger enterprise includes the following:

- Administration of Land Ambulance Services
- Administration of The Provincial Offences Act
- Parry Sound Public Library Board
- Parry Sound Business Improvement Area Board

Partnerships proportionately consolidated in the Town's financial statements include:

	% ownership
West Parry Sound Recreation and Cultural Centre	25%

All inter-departmental and inter-organizational transactions and balances have been eliminated.

#### Basis of Accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenues; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred, or transfers are due.

#### Reserves and Reserve Funds

Certain amounts, as approved by a Council, are set aside in reserves and reserve funds for future operations and capital purposes. Further disclosure of the amounts are part of accumulated surplus in Note 21 of the consolidated financial statements.



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# The Corporation of the Town of Parry Sound

## Notes to the Consolidated Financial Statements

December 31, 2023

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### 1. Summary of Significant Accounting Policies (continued)

#### Trust Funds

Trust funds and their related operations administered by the Town are not included in these financial statements but are reported separately on the Trust Funds Balances and Continuity.

#### Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less to be cash equivalents.

#### Non-financial Assets

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

#### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

- Land improvements 20 to 50 years
- Buildings and facilities 15 to 75 years
- Fleet 5 to 20 years
- Machinery and equipment 3 to 30 years
- Transportation infrastructure 15 to 80 years
- Environmental infrastructures 30 to 80 years
- Library books 7 years

#### Tangible Capital Assets Under Construction

Tangible capital assets under construction are recorded at cost. When construction is completed, the tangible capital asset under construction will be transferred to tangible capital assets and amortized based on its classification.

#### Contributed Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair market value at the date the Town assumes ownership and recorded as revenue.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

December 31, 2023

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#### 1. Summary of Significant Accounting Policies (continued)

##### Leases

Leases are classified as operating or capital leases. Leases which transfer substantially all of the benefits and risks incidental to ownership or property are accounted for as capital leases. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executory costs, and the leased asset's fair value at the beginning of the lease. Leased tangible capital assets are amortized on a straight-line basis over the term of the lease as follows:

Vehicles	3-5 years
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All other leases are accounted for as operating leases and the related payments are charged to expense as incurred.

##### Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible 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 tangible capital asset at the financial statement date. This 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. Upon the initial measurement of an obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

##### Collection of Taxes on Behalf of Other Taxation Authorities

The Town collects taxation revenue on behalf of the school boards. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

##### Pension Plan

The Town is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Town has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Town records as pension expense the amount paid to OMERS during the year plus any amounts owing to OMERS for the year ended.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### **1. Summary of Significant Accounting Policies (continued)**

##### **Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

##### **Government Transfers**

Revenue is recognized 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 statement of operations as the stipulation liabilities are settled.

##### **Revenue Recognition**

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

User fees are recognized as revenue when the services are provided and collection can be reasonably assured.

Sales of service and other revenue is recognized on an accrual basis, when services have been rendered.

Investment income is reported as revenue in the year earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

POA fine revenue is recognized on a cash basis when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made. This is because until cash is received there is considerable uncertainty around collection.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### 1. Summary of Significant Accounting Policies (continued)

##### **Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets and contributed tangible capital assets, asset retirement obligation, valuation of taxes receivable and significant accruals, including WSIB obligation. Actual results could differ from management's best estimates as additional information becomes available in the future.

##### **Workplace Safety and Insurance Board**

The Town bears the cost of certain insurance and pension benefits awarded under the workplace safety and insurance legislation. The Town has adopted the following valuation methods and assumptions.

##### **Funding Policy:**

The WSIB plan is funded on a pay-as-you-go basis. The Town funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide these benefits.

##### **Accounting Policies:**

The costs of WSIB obligations are actuarially determined based on the above and are expensed in the period they occur. Any actuarial gains and losses that are related to WSIB benefits are recognized immediately in the period they arise. The Town's fiscal year is December 31 and this is the measurement date of the Town's obligation.

Plan amendments are immediately recognized in the year of the effective change. Any actuarial gain at the time of introduction of a plan amendment that results in a past service loss, the gain is offset against the past service loss before any recognition of the amendment takes place.

##### **Inventories Held for Resale**

Inventories held for resale are measured at the lower of cost and net realizable value, with cost being determined using the first in first out method.

##### **Financial Instruments**

Cash and equity instruments quoted in active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of portfolio investments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

December 31, 2023

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#### 1. Summary of Significant Accounting Policies (continued)

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified. For financial instruments, such as GICs, these are measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value

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#### 2. Change in Accounting Policy

Effective January 1, 2023, the Town adopted new Public Sector Accounting Handbook Standard 3280 Asset Retirement Obligations. The new standard requires the Town evaluate their assets for any potential asset retirement obligations. This change in accounting policy has been made in accordance with the modified retroactive application approach of the standard with restatement of prior period (opening accumulated surplus/deficit).

Effective January 1, 2023, the Town adopted new Public Sector Accounting Handbook Standard 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This change in accounting policy has been applied prospectively. As the Town has not experienced any unrealized gains or losses arising from changes in fair value, a statement of remeasurement gains and losses has not been included in the consolidated financial statements.

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**The Corporation of the Town of Parry Sound**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

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**3. Adoption of Section PS 3280, Asset Retirement Obligations (ARO)**

Effective April 1, 2022, the Town adopted Section PS 3280, Asset Retirement Obligations (ARO) using the modified retroactive approach, which requires restatement of the prior period (opening accumulated surplus/deficit). As a result of the adoption, the presentation of the financial statements changed from the prior year. The new standard requires the recognition of asset retirement obligations when all conditions listed in Note 2 - Significant Accounting Policies - Asset Retirement Obligations are met. The following financial statement balances and amounts in the prior year have been affected. The impact of adoption of this standard was as follows:

	As previously reported	Adjustments	As restated
<u>Consolidated Statement of Financial Position</u>			
Tangible capital assets	\$ 124,097,338	\$ 302,749	\$ 124,400,087
Asset retirement obligation	\$ -	\$ 1,687,441	\$ 1,687,441
Accumulated surplus	\$ 150,809,001	\$ (1,384,693)	\$ 149,424,308
<u>Consolidated Statement of Change in Net Financial Assets</u>			
Annual surplus	\$ 4,955,743	\$ (64,186)	\$ 4,891,557
Change in estimate of TCA - ARO	\$ -	\$ (53,594)	\$ (53,594)
Net financial assets, beginning of year	\$ 20,798,938	\$ (1,580,252)	\$ 19,218,686
Net financial assets, end of year	\$ 25,934,107	\$ (1,687,442)	\$ 24,246,665
<u>Consolidated Statement of Operations</u>			
Accumulated surplus, beginning of year	\$ 145,853,258	\$ (1,320,507)	\$ 144,532,751
Annual surplus	\$ 4,955,743	\$ (64,186)	\$ 4,891,557
Accumulated surplus, end of year	\$ 150,809,001	\$ (1,384,693)	\$ 149,424,308

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**The Corporation of the Town of Parry Sound**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

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**4. Cash**

	<u>2023</u>	<u>2022</u>
General accounts	\$ 33,395,596	\$ 33,084,582
Reserve funds	9,979,210	4,568,000
Obligatory reserve funds	520,747	387,188
	<u>\$ 43,895,553</u>	<u>\$ 38,039,770</u>

The Town's bank accounts earn interest at BSN + 0.300%.

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**5. Short-Term Investments**

	<u>2023</u>	<u>2022</u>
Guaranteed Investment Certificates, interest rates ranging from 1.34% to 5.12%, maturing from January 2024 to November 2026	\$ 4,332,054	\$ 3,864,160
Marketable securities	1,242,031	1,177,032
Canadian Corporate Bonds, with effective yield rates of 2.60% (2022 - 2.60%), maturing November 2030 (2022 - November 2023)	205,000	205,000
	<u>\$ 5,779,085</u>	<u>\$ 5,246,192</u>

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**6. Taxes Receivable**

	<u>2023</u>	<u>2022</u>
Taxes receivable	\$ 1,261,413	\$ 843,959
Less: allowance for doubtful accounts	50,000	50,000
	<u>\$ 1,211,413</u>	<u>\$ 793,959</u>

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**7. Long-Term Receivables**

In May of 2018 the Town entered into a Memorandum of Understanding ("MOU") with Property Owners in regards to developing lots on Dennis and Macklaim Drive for residential purposes. The MOU provided that the Town would have the lots identified serviced with municipal water and sewer and the costs of this would be recovered from the property owners once the work was completed. The MOU noted collection would be through immediate repayment or put on the tax bills of the benefiting properties and paid over a period of time.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### **7. Long-Term Receivables (continued)**

In 2020, the Town passed a By-Law to impose the fees/charges to the property owners and gave each property owner the option of paying back the cost over time up to 20 years with interest or immediately thus avoiding borrowing cost over the period. Total costs incurred on the project were approximately \$830,013 which were temporarily funded through the Town's General Working Capital Reserve (per Resolution 2018-046). \$677,873 (2022 - \$707,502) has been included in the long-term receivable on the Consolidated Statement of Financial Position.

In 2021, the Town incurred a debenture from Ontario Infrastructure and Land Corporation ("OILC") in the principal amount of \$750,424 towards the total costs incurred on the project. See note 14 for details. The Town will recover interest costs over time from property owners who choose to defer payments.

In addition, in the current year, the Town passed a By-Law to loan the Parry Sound Area Municipal Airport (PSAMA) \$2,300,000 for the completion of the Runway Project. The loan has a 25-year amortization with 5-year terms and be repaid with an interest rate of no less than the rate being earned by the Town's bank accounts and no more than Scotia bank composite prime. A total of \$2,300,000, plus accrued interest of \$60,451 has been included in the long-term receivable on the Consolidated Statements of Financial Position.

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#### **8. Investment In Lakeland Holding Ltd.**

In December of 2013, The Town and Parry Sound Hydro Corporation ("Hydro") entered into a merger agreement with Lakeland Holding Ltd. ("Lakeland"). In exchange for its 100% ownership of Hydro, the Town initially received 13.5% ownership of Lakeland. Based on an Independent Electricity System Operator it was confirmed that the upgrade to the Cascade Generation Station was completed on October 13, 2017, increasing ownership of Lakeland to 15.57%. As a result of the initial transaction, the Town's investment in Lakeland is recorded as a portfolio investment at cost of \$5,855,104.

The Town records its investment in Lakeland as a portfolio investment at cost because it owns a minority interest and is not considered part of the reporting entity given control is not demonstrated. For information purposes, if control existed the investment would be considered an investment in a Government Business Enterprise (GBE) and would have been recorded using the modified equity method. Under that method there would be an equity pickup for the Town's share of the net assets of Lakeland. The total shareholders' equity of Lakeland as of December 31, 2023 was \$63,647,043 (2022 restated- \$61,256,693) of which the Town owns a 15.57% stake equating to \$9,909,845 (2022 restated - \$9,537,667). This does not represent the fair market value of the investment as the shareholders' equity is a reflection of the Town's share of the net assets of Lakeland.

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#### **9. Bank Indebtedness**

The Town has established a bank operating credit facility of up to \$4,000,000 bearing interest at the bank's prime rate less 0.75%. As at December 31, 2023 there was \$NIL (2022 - \$NIL) drawn on the operating credit facility.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### 10. Workplace Safety and Insurance Board Obligations

The Town is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Town's insurance premiums for the year ended December 31, 2023 were \$187,609 (2022 - \$187,511) and are included in the Town's current year benefit costs.

	2023	2022
WSIB accrued benefit obligation and liability beginning of year	\$ 40,200	\$ 40,200
WSIB expenses for the year net of benefits paid	-	-
WSIB accrued benefit obligation and liability end of year	\$ 40,200	\$ 40,200

The costs and liabilities related to WSIB are based on an actuarial valuation prepared by an independent firm. The date of the most recent actuarial valuation was as of December 31, 2021. The actuarial valuation was based on assumptions about future events. The economic assumptions used in this valuation are the management's best estimates of expected rates of:

Expected future inflation rates	2.00%
Discount on accrued benefit obligations	2.00%
WSIB Health care cost escalation	4.00%

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#### 11. Pension Plan

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employee based on length of service and rates of pay. OMERS provides pension services to more than 612,533 active and retired members and over 1,000 employers.

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 in respect of 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 pension 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 OMERS pension surplus or deficit. Contributions made by the Town to OMERS for 2023 were \$551,062 (2022 - \$507,972) and are included as an expense on the Consolidated Statement of Operations.

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**The Corporation of the Town of Parry Sound**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

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**12. Deferred Revenue - General**

	Opening Balance	Contributions Received	Revenue Recognized/ Deposits Returned	Ending Balance
Deferred government funding	\$ 1,928,324	\$ 735,106	\$ (289,189)	\$ 2,374,241
Deferred user charges	197,831	728,601	(191,060)	735,372
Contractor and developer deposits/securities	1,177,044	-	(135,024)	1,042,020
	<u>\$ 3,303,199</u>	<u>\$ 1,463,707</u>	<u>\$ (615,273)</u>	<u>\$ 4,151,633</u>

**Deferred Government Funding**

Funding is provided by the Government of Canada or the Province of Ontario. Any funds that are not used in the current year are deferred for use on future costs for the specified project(s) for which the funding was received.

**Deferred User Charges**

These funds have been set aside for future use and will be recognized into revenue once the activity/service is provided to the user. Deferred user charges include items such as account credits, gift certificates and prepaid rentals.

**Contractor and Developer Deposits/Securities**

Refundable deposits/securities held by the Town for development agreement/site plant agreements for commercial, industrial and institutional development, as well as residential development of four units or more. These agreements are registered on title, often with securities held to ensure development proceeds in accordance with the submitted plans and studies.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### 13. Deferred Revenue - Obligatory Reserve Funds

	Opening Balance	Contributions Received	Investment Income	Revenue Recognized	Ending Balance
Federal gas tax	\$1,122,158	\$ 424,134	\$ 58,867	\$ (713,934)	\$ <b>891,225</b>
Provincial gas tax	276,362	57,624	21,630	(30,630)	<b>324,986</b>
Recreational land	171,543	5,990	12,243	(25)	<b>189,751</b>
	<b>\$1,570,063</b>	<b>\$ 487,748</b>	<b>\$ 92,740</b>	<b>\$ (744,589)</b>	<b>\$ 1,405,962</b>

##### Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Town and the Province of Ontario. Gas tax funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

##### Provincial gas tax

Gas tax revenue is provided by the Ministry of Transportation. The use of the funding is established by a funding agreement between the Town and the Province of Ontario. Gas tax funding may be used towards public transportation service (transit) eligible expenditures.

##### Recreational land

The parkland reserve funds have been set aside as required by Provincial legislation which restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

#### 14. Long-Term Debt

	2023	2022
Debenture for McDougall Water Works Project; semi-annual principal payments of \$50,000 plus interest at 4.61% per annum; matures December 2026.	\$ 300,000	\$ 400,000
Debenture for Gibson St.; semi-annual principal payments of \$28,750 plus interest at 5.04% per annum; matures October 2027.	230,001	287,502
Debenture for Riverdale Rd.; semi-annual principal payments of \$17,500 plus interest at 5.54% per annum; matures December 2028.	175,000	210,000
Debenture for Bobby Orr Community Centre; semi-annual principal payments of \$58,750 plus interest at 4.15% per annum; matures September 2030.	822,500	940,000
Debenture for Forest St. reconstruction; semi-annual principal payments of \$53,333 plus interest at 2.78% per annum; matures March 2031.	800,000	906,667
Debenture for Big Sound Marina, BOCC Roof and Downtown Public Washroom build; semi-annual principal payments of \$14,301 plus interest at 3.15% per annum; matures December 2037.	400,439	429,042
Debenture for the Stockey Centre roof and siding, blended monthly payments of \$23,667; interest at 2.70% per annum; matures December 2039.	611,671	641,876
Debenture for servicing Macklaim and Denis Drive; blended semi-annual payments of \$24,652; interest at 2.81% per annum; matures May 2041.	677,873	707,502
Debenture for Isabella St. realignment and Waubeek St. reconstruction; semi-annual principal payments of \$60,451 plus interest at 2.81% per annum; matures November 2041.	2,176,223	2,297,124
Debenture for Emily Street and William Street; blended monthly payments of \$124,672; interest at 3.54% per annum; matures March 2049.	4,164,968	4,264,229
Debenture for the Bobby Orr Community Centre Ice Pad, blended monthly payments of \$21,319; interest at 2.81% per annum; matures December 2049.	782,859	803,072
Debenture for Municipal offices; semi-annual principal payments of \$50,000 plus interest at 4.61% per annum; matures September 2050.	2,700,000	2,800,000
Debenture for Waste Water Treatment Plant; semi-annual principal payments of \$62,500 plus interest at 5.19% per annum; matures February 2050.	3,312,500	3,437,500
	<b>\$ 17,154,034</b>	<b>\$ 18,124,514</b>

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**The Corporation of the Town of Parry Sound**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

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**14. Long-Term Debt (continued)**

The gross interest expensed in 2023 relating to the above long-term debt was \$701,006 (2022 - \$731,023). Interest paid during the year was \$732,733 (2022 - \$736,988).

Principal repayments for the next five years and thereafter are as follows:

2024	\$ 976,256
2025	982,549
2026	988,381
2027	894,743
2028	843,813
Thereafter	12,468,292
	<u>\$ 17,154,034</u>

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**15. Obligations Under Capital Leases**

	<u>2023</u>	<u>2022</u>
Obligation under a capital lease for vehicles, blended monthly payments of \$511 to \$1,143, with interest at the rate of 5.46% to 8.60%, maturing January 2028 to October 2028, secured against the underlying assets with a net book value of \$497,452	<u>\$ 541,297</u>	<u>\$</u>

Interest expense for the year related to obligations under capital leases is \$14,183.

Future minimum lease payments under the capital leases for subsequent years are as follows:

2024	\$ 137,552
2025	137,552
2026	137,552
2027	137,552
2028	104,119
	<u>654,327</u>
Less: imputed interest	<u>(113,030)</u>
	<u>\$ 541,297</u>

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**16. Contingent Liabilities**

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Town's insurance. Liability for these claims and lawsuits is recorded to the extent that the probability of a loss is likely and can be estimated. With respect to claims as at December 31, 2023, management believes that the Town has valid defences and appropriate and adequate insurance coverage in place.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### 17. Commitments

##### **Operating Agreement West Parry Sound Health Centre**

The Town has entered into an operating agreement with the West Parry Sound Health Centre (WPSHC) whereby the WPSHC provides and operates land ambulance services in the geographical area of Parry Sound using the equipment provided by the Town. This agreement is effective for the period January 1, 2016 to December 31, 2020 and remains in place until a new contract is negotiated. The contract costs are paid based on the annual budget and in year cost increases due to factors not under the control of WPSHC. In the year, the Town paid \$9,847,048 (2022 - \$9,128,326) in contract fees to the WPSHC. Under this agreement the Administration of the Land Ambulance Service is also responsible for covering the costs related to the non-pension post-employment and post-retirement benefits for medical and dental in the year the expense occurs for the Parry Sound Ambulance Service Employees. These costs have been determined during the most recent actuarial valuation conducted in 2021 and the Parry Sound Ambulance Service's share of the total WPSHC liability is \$706,300 (2022 - \$696,400) as of March 31, 2023.

##### **Ambulance Base Lease**

The Town has entered into an agreement with the Corporation of the Township of the Archipelago for the utilization of property as an ambulance base. The term of the lease is 30 years ending on the 31st day of December, 2047. For the first 15 years of the agreement, the total annual cost will be \$35,572 for a total commitment of \$533,581 over the initial 15 years. The remaining commitment amount for the first 15 years, as of December 31, 2023 is \$344,149. For the final 15 years of the agreement, the Town shall be responsible for its proportionate share of the operating costs of the facility.

##### **Ontario Provincial Police (OPP) Municipal Policing**

The Town has contracted with the OPP for police services undertaken as per Section 10 of the Police Services Act (PSA). Under the PSA, the Town is responsible for the costs incurred by the OPP in delivering these police services. In the year, the Town paid \$2,042,489 (2022 - \$2,151,163) in police servicing costs to the OPP.

##### **West Parry Sound Recreation and Cultural Centre**

The Town has entered into an agreement with the West Parry Sound Recreation and Cultural Centre (the "Centre"), a Joint Municipal Service Board established by various municipalities. As such, the Town has committed to 26.7% of the total annual contributions to the operating and capital budgets of the Centre. In the current year, the Town made a capital contribution of \$1,763,895 (2022- \$454,324) to The West Parry Sound Recreation and Cultural Centre related to the planning and development of the Centre.

Subsequent to year end, the Town entered into a non-interest bearing loan agreement with the Centre to purchase a property, with a purchase price of \$2,000,000, on behalf of the Centre to assist with the construction of the community cultural centre.

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#### 18. Funds Held In Trust

At December 31, 2023, the Town held \$341,764 (2022 - \$324,883) in trust. These funds are not included in the consolidated statement of financial position and statement of operations.

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# The Corporation of the Town of Parry Sound

## Notes to the Consolidated Financial Statements

December 31, 2023

### 19. Tangible Capital Assets

	Land	Land Improvements	Building and Facilities	Machinery and Equipment	Fleet	Library Books	Transportation Infrastructure	Environmental Infrastructure	Assets Under Construction	Total 2023
Cost, beginning of year	\$ 7,862,395	\$ 9,054,706	\$ 69,034,050	\$ 9,329,433	\$ 7,684,584	\$ 171,635	\$ 67,065,342	\$ 48,787,622	\$ 3,679,980	\$ 222,669,747
Additions	-	210,930	748,334	495,572	811,613	22,079	86,475	-	2,532,347	4,907,350
Disposals	-	-	(31,953)	-	(813,607)	(24,717)	-	-	-	(870,277)
Transfers	-	-	466,589	28,391	-	-	130,078	-	(625,058)	-
ARO	-	-	125,132	-	-	-	-	-	-	125,132
<b>Cost, end of year</b>	<b>7,862,395</b>	<b>9,265,636</b>	<b>70,342,152</b>	<b>9,853,396</b>	<b>7,682,590</b>	<b>168,997</b>	<b>67,281,895</b>	<b>48,787,622</b>	<b>5,587,269</b>	<b>226,831,952</b>
Accumulated amortization, beginning of year	-	4,664,685	30,959,774	5,414,925	3,956,868	80,722	40,656,751	12,535,935	-	98,269,660
Amortization	-	234,323	1,541,679	603,047	712,493	24,331	1,833,684	670,241	-	5,619,798
Disposals	-	-	(31,953)	-	(775,269)	(24,717)	-	-	-	(831,939)
<b>Accumulated amortization, end of, year</b>	<b>-</b>	<b>4,899,008</b>	<b>32,469,500</b>	<b>6,017,972</b>	<b>3,894,092</b>	<b>80,336</b>	<b>42,490,435</b>	<b>13,206,176</b>	<b>-</b>	<b>103,057,519</b>
	<b>\$ 7,862,395</b>	<b>\$ 4,366,628</b>	<b>\$ 37,872,652</b>	<b>\$ 3,835,424</b>	<b>\$ 3,788,498</b>	<b>\$ 88,661</b>	<b>\$ 24,791,460</b>	<b>\$ 35,581,446</b>	<b>\$ 5,587,269</b>	<b>\$ 123,774,433</b>

Included in Building and Facilities are asset retirement obligations with a total cost of \$740,089, accumulated amortization of \$322,799 and have a net book value of \$417,290.

Included in fleet are assets held under capital lease with a total cost of \$621,815, accumulated amortization of \$124,363 and have a net book value of \$497,452.

# The Corporation of the Town of Parry Sound

## Notes to the Consolidated Financial Statements

December 31, 2023

### 19. Tangible Capital Assets (continued)

	Land	Land Improvements	Building and Facilities	Machinery and Equipment	Fleet	Library Books	Transportation Infrastructure	Environmental Infrastructure	Assets Under Construction	Total 2022
										(Restated - note 3)
Cost, beginning of year	\$7,728,529	\$ 8,931,078	\$ 68,659,527	\$ 8,777,694	\$ 7,097,610	\$ 166,102	\$ 66,922,130	\$ 48,695,508	\$ 643,608	\$217,621,786
Additions	133,866	123,628	405,000	547,336	623,857	27,117	136,696	143,428	3,110,236	5,251,164
Disposals	-	-	(32,795)	(55,182)	(36,883)	(21,584)	-	-	-	(146,444)
Transfers	-	-	2,318	59,585	-	-	6,516	5,445	(73,864)	-
Other adjustments	-	-	-	-	-	-	-	(56,759)	-	(56,759)
<b>Cost, end of year</b>	<b>7,862,395</b>	<b>9,054,706</b>	<b>69,034,050</b>	<b>9,329,433</b>	<b>7,684,584</b>	<b>171,635</b>	<b>67,065,342</b>	<b>48,787,622</b>	<b>3,679,980</b>	<b>222,669,747</b>
Accumulated amortization, beginning of year	-	4,472,608	29,457,727	4,880,401	3,349,190	66,679	38,807,437	11,975,569	-	92,909,111
Amortization	-	242,077	1,525,859	578,154	640,560	24,124	1,849,314	667,125	-	5,527,213
Disposals	-	-	(23,312)	(43,630)	(32,882)	(10,081)	-	-	-	(109,905)
Other adjustments	-	-	-	-	-	-	-	(56,759)	-	(56,759)
<b>Accumulated amortization, end of year</b>	<b>-</b>	<b>4,664,685</b>	<b>30,959,774</b>	<b>5,414,925</b>	<b>3,956,868</b>	<b>80,722</b>	<b>40,656,751</b>	<b>12,535,935</b>	<b>-</b>	<b>98,269,660</b>
	<b>\$7,862,395</b>	<b>\$ 4,390,021</b>	<b>\$ 38,074,276</b>	<b>\$ 3,914,508</b>	<b>\$ 3,727,716</b>	<b>\$ 90,913</b>	<b>\$ 26,408,591</b>	<b>\$ 36,251,687</b>	<b>\$ 3,679,980</b>	<b>\$124,400,087</b>

Included in Building and Facilities are asset retirement obligations with a total cost of \$614,957, accumulated amortization of \$301,617 and have a net book value of \$313,340.



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**The Corporation of the Town of Parry Sound**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

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**20. Asset Retirement Obligations**

The Town's financial statements include an asset retirement obligation for the incremental cost of removal related to asbestos cement water, sewer and storm mains and safe site closures of bridges, above ground tanks, and the arena facility including ice making equipment. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 2.99% to 4.74% (2022 - 3.23% to 4.72%). The estimated total undiscounted future expenditures are \$2,512,113 (2022 - \$2,512,113), which are to be incurred over 1 to 60 years. The liability is expected to be settled from 2024 to 2091.

The carrying amount of the liability is as follows:

	2023	2022
	<u>2023</u>	<u>2022</u>
Asset Retirement Obligation, beginning	\$ 1,687,441	\$ 1,633,847
Increase due to accretion expense	55,355	53,594
Increase due to revisions in estimated cash flows	<u>125,132</u>	<u>-</u>
Asset retirement obligation, ending	<u>\$ 1,867,928</u>	<u>\$ 1,687,441</u>

The Town made an inflation adjustment of 2% as of December 31, 2023 and December 31, 2022.

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**The Corporation of the Town of Parry Sound**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

**21. Accumulated Surplus**

The Town segregates its accumulated surplus in the following categories:

	2023	2022
Surplus		
Investment in tangible capital assets	\$ (104,721,713)	\$(104,721,713)
Library and Downtown Improvement Area	-	-
Unfunded capital expenditures	(90,910)	-
Investment in Lakeland Holdings Ltd.	5,855,104	5,855,104
General funds	3,677,440	405,972
	<u>(95,280,079)</u>	<u>(99,272,581)</u>
Reserves set aside by Council		
Working capital	4,239,967	3,250,437
Tax rate stabilization	1,108,674	1,108,674
Transportation	934,142	630,536
Wastewater systems	7,561,121	6,571,690
Waterworks systems	8,816,592	8,118,139
Parks and recreation	625,320	3,683,237
Capital asset purposes	5,025,420	4,112,942
Other purposes	2,916,498	2,234,858
Library	-	-
Downtown Improvement Area	-	-
	<u>31,227,734</u>	<u>29,710,513</u>
Reserve Funds set aside for a specific purpose by Council		
Municipal Parking	181,698	175,087
Wastewater and waterworks system	354,814	338,525
Land Ambulance services	2,315,756	1,920,755
Parks and recreation	46,318	43,241
Stockey Centre - Bobby Orr Hall of Fame	237,892	255,235
Capital asset purposes	6,730,943	5,515,990
Other purposes	653,444	536,386
Library bequest fund	-	-
	<u>10,520,865</u>	<u>8,785,219</u>
Total Accumulated Surplus	<u>\$ (53,531,480)</u>	<u>\$ (60,776,849)</u>

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### 22. Property Taxation

	Budget 2023 (note 26)	2023	2022
Property Taxes	\$14,886,846	\$ 15,587,310	\$ 14,532,437
Payments to School Boards	(2,169,036)	(2,257,355)	(2,173,602)
Available for General Municipal Purposes	\$12,717,810	\$ 13,329,955	\$ 12,358,835

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#### 23. Contributions to Unconsolidated Joint Boards

The following contributions were made to these joint boards.

	2023	2022
Emergency 911	\$ 3,761	\$ 3,221
Parry Sound Area Municipal Airport Commission	10,000	10,000
North Bay Parry Sound Health Unit	477,128	462,962
District of Parry Sound Social Services Administration Board	335,693	325,548
Home for the Aged	101,390	101,400
District Museum	43,300	40,076
	<u>\$ 971,272</u>	<u>\$ 943,207</u>

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#### 24. Provincial Offences Administration (POA)

Effective November 15, 1999, the Town has assumed the administration of the Provincial Offences Office at the Parry Sound Courthouse. The transfer of administration from the Ministry of Attorney General to the Town was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administrating and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

Included in the statement of operations related to POA were fines and transcripts in the amount of \$840,882 (2022 - \$901,671). Expenses of the POA office (before adjustments for amortization and capital asset additions) amounted to \$840,882 (2022 - \$901,671), which includes distribution to the Municipal partners in the amount of \$75,511 (2022 - \$105,008). The total fines revenue of \$869,202 (2022 - \$927,713) on the statement of operations includes the Town's share of POA fines plus By-law fines and library fines.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### **25. Land Ambulance Administration**

Effective January 1, 2001, the Town has assumed the administration of the Land Ambulance Services for the Parry Sound district. The contracted provider is the West Parry Sound Health Centre.

Included in the statement of operations related to the Land Ambulance Services are grants from the Ministry of Health and Long-term Care in the amount of \$6,715,544 (2022 - \$6,246,358), municipal contributions in the amount of \$4,840,777 (2022 - \$4,610,264). The Town's share of municipal contributions in the amount of \$292,020 (2022 - \$279,024) has been eliminated for purposes of consolidation. The actual expenses (before adjustments for amortization and capital asset additions) for 2023 were \$11,003,454 (2022 - \$10,832,933).

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#### **26. Budget**

The Financial Plan (Budget) By-Law adopted by Council on March 28, 2023 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on March 28, 2023 with adjustments as follows:

	<b>2023</b>
Financial Plan (Budget) Bylaw deficit for the year	\$ -
Add:	
Capital expenditures	12,743,772
Principal repayments on long-term debt	946,330
Budget transfers to reserves	4,783,150
Other	-
Less:	
Amortization	(5,302,387)
Capital Grants	(2,290,138)
Budget transfers from reserves	(4,364,077)
Proceeds from external debt	(7,200,000)
Other	(33,179)
	<u>\$ (716,529)</u>

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### 27. Investment in Partnership

The Town owns 25% of the West Parry Sound Recreation and Cultural Centre, which is a Joint Municipal Service Board established by the following Municipalities:

- The Corporation of The Township of the Archipelago
- The Corporation of the Township of Carling
- The Corporation of the Municipality of McDougall
- Corporation of the the Township of McKellar
- The Corporation of the Town of Parry Sound
- The Corporation of the Township of Seguin

The Centre is currently in its design phase. The Centre's primary role will be to provide pool and recreation services to the general public.

The Town accounts for its interests in these partnerships using the proportionate consolidation method.

The following table presents the condensed financial information for the West Parry Sound Recreation and Cultural Centre as of December 31, 2023:

	<u>2023</u>
<b>Financial assets</b>	
Cash	\$ 7,152,800
Accounts receivable	1,279,303
<b>Total assets</b>	<u>\$ 8,432,103</u>
<b>Liabilities</b>	
Accounts payable	\$ 155,371
Other liabilities	3,289
	<u>158,660</u>
<b>Net financial assets</b>	<u>8,273,443</u>
<b>Non-financial assets</b>	
Tangible capital assets	1,738,833
<b>Accumulated surplus</b>	<u>\$ 10,012,276</u>
<b>Results of operations</b>	
Revenue	\$ 8,190,525
Expenses	132,166
<b>Surplus</b>	<u>\$ 8,058,359</u>

During the year, the Town made municipal contributions in the amount of \$1,763,895, which have been eliminated upon consolidation.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

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#### **28. Segmented Information**

The Town is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire and water, roads and community services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

##### **General Government**

General government are revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment.

##### **Protection Services**

Protection is comprised of police services, fire protection, protective inspection and control, emergency measures, and Provincial Offences Administration (see Note 24). The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. Inspection and control includes building inspections, by-law enforcement and animal control services.

##### **Transportation Services**

Transportation is responsible for the seasonal maintenance of roads, bridges, winter control, transit, parking and streetlight.

##### **Environmental Services**

Environmental includes the operation of the waste water infrastructure, storm sewer maintenance, the provision of water to its citizens and the collection, disposal and diversion of solid waste.

##### **Health Services**

Health services oversees the care and maintenance of the Town controlled cemeteries and the Land Ambulance Administration (see note 25).

##### **Social and Family Services**

This service includes transfers to joint boards that provide general assistance, assistance to aged persons, child care and social housing.

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## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

December 31, 2023

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#### 28. Segmented Information (continued)

##### Recreation and Culture Services

This area operates recreational and cultural facilities and programs including parks, beaches, a transient marina, the Bobby Orr Community Centre, the West Parry Sound Recreation Centre and the Charles W. Stockey Centre for the Performing Arts / Bobby Orr Hall of Fame. Also, the Town provides library services to assist with its citizens' informational needs.

##### Planning and Development

This department provides general planning and zoning services and review of all property development plans through its application process. It also facilitates commercial and economic development in a variety of ways along with the operation of the Business Improvement Area.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of cost. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

- Taxation, fees and user charges: Allocated to those segments that are funded by these amounts based on the net surplus (deficit) for the year
- Grants: Based on nature of grant

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#### 29. Financial Instruments

The Town is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments. This note describes the Town's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Town is exposed to credit risk through its cash and cash equivalents, accounts receivable, other receivables, and portfolio investments. The Town's maximum exposure to credit risk at the financial statement date is the carrying value of its cash, accounts receivable, other receivables, and portfolio investments as presented on the consolidated statement of financial position. Cash is held in federally regulated chartered banks. Credit risk is mitigated by the financial solvency of the organizations with balances due to the Town.

**The Corporation of the Town of Parry Sound**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

**29. Financial Instruments (continued)**

At year end, the amounts outstanding for the Town's accounts receivable are as follows:

	2023			2022		
	Accounts receivable	Long term receivable	Total	Accounts receivable	Long term receivable	Total
Current	2,353,750	-	2,353,750	2,486,105	-	2,486,105
31 to 60 days	261,584	-	261,584	323,359	-	323,359
61 to 90 days	94,241	-	94,241	7,389	-	7,389
Over 90 days	25,173	3,038,324	3,063,497	61,230	707,502	768,732
<b>Total</b>	<b>2,734,748</b>	<b>3,038,324</b>	<b>5,773,072</b>	<b>2,878,083</b>	<b>707,502</b>	<b>3,585,585</b>

At year end, management has determined that the credit quality of accounts receivable that are not past due nor impaired, as illustrated in the above table, is high as majority of Town's receivables are from customers with strong history of timely payments. This consistent payment behaviour indicates reliability and reduces the risk of default.

**Liquidity risk**

Liquidity risk is the risk that the Town will encounter difficulty in meeting its obligations associated with financial liabilities. The Town is exposed to this risk mainly in respect of its accounts payable, accrued liabilities, and long-term liabilities. The Town mitigates this risk by monitoring cash activities and expected outflows through budgeting and cash flow planning.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable	\$ -	\$ 3,204,342	\$ -	\$ -
Long-term debt	488,128	488,128	3,709,486	12,468,292
	<b>\$ 488,128</b>	<b>\$ 3,692,470</b>	<b>\$ 3,709,486</b>	<b>\$ 12,468,292</b>



## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

December 31, 2023

#### 29. Financial Instruments (continued)

	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable	\$ -	\$ 2,264,030	\$ -	\$ -
Long-term debt	485,150	485,150	3,851,929	13,302,285
	<u>\$ 485,150</u>	<u>\$ 2,749,180</u>	<u>\$ 3,851,929</u>	<u>\$ 13,302,285</u>

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town is exposed to interest rate risk arising from the possibility that changes in interest rates will affect Town's long-term debt. Fluctuations in the bank's prime interest rates will result in increases or decreases in the cash flow requirements of this financial instruments via increases or decreases in the related interest expense as the loans are renewed.

A 1% increase in the interest rate would decrease Town's annual surplus by \$46,343 (2023-\$48,640). A 1% decrease in the interest rate would increase Town's surplus by \$46,343 (\$48,640). This sensitivity analysis was prepared on the basis that the Town's financial structure and investment portfolio remain constant.

#### Other prices risk

Other price risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The town is exposed to this risk through its portfolio investments. The Town mitigates this risk by holding a diverse investment portfolio.

A 10% increase in the market prices would increase the fair value of the Town's portfolio investments by \$1,163,419 (2023- \$1,110,130). A 10% decrease in the market prices would decrease the fair value of the Town's portfolio investments by \$1,163,419 (2023-\$1,110,130). This sensitivity analysis was prepared on the basis that the portfolio composition as of the reporting date remains constant and assuming other variables remain constant.

## The Corporation of the Town of Parry Sound

### Notes to the Consolidated Financial Statements

**December 31, 2023**

#### 29. Financial Instruments (continued)

##### Fair value measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2023			
	Level 1	Level 2	Level 3	Total
Marketable Securities	1,673,669	-	-	1,673,669
Canadian Corporate Bonds	-	215,546	-	215,546
Investment in Lakeland Holdings Ltd.	-	-	5,855,104	5,855,104
	<b>1,673,669</b>	<b>215,546</b>	<b>5,855,104</b>	<b>7,744,319</b>

  

	2022			
	Level 1	Level 2	Level 3	Total
Marketable Securities	1,436,417	-	-	1,436,417
Canadian Corporate Bonds	-	215,546	-	215,546
Investment in Lakeland Holdings Ltd.	-	-	5,855,104	5,855,104
	<b>1,436,417</b>	<b>215,546</b>	<b>5,855,104</b>	<b>7,507,067</b>

The carrying amounts of these financial instruments are presented on the statement of financial position: Marketable Securities: \$1,242,031 (2022 - \$1,177,032), Canadian Corporate Bonds \$205,000 (2022 - \$205,000).

#### 30. Comparative Amounts

Certain comparative amounts presented in the financial statements have been reclassified to conform to current year's presentation.

# The Corporation of the Town of Parry Sound

## Consolidated Schedule of Segmented Disclosure

### Schedule 1

December 31, 2023

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social And Family Services	Recreation and Culture Services	Planning and Development	2023 Total
<b>Revenue</b>									
Property taxation	\$ 1,825,895	\$ 3,163,501	\$ 3,000,349	\$ 1,275,436	\$ 657,902	\$ 443,944	\$ 2,460,113	\$ 502,815	\$ 13,329,955
Taxation from other governments	530,437	-	-	-	-	-	-	-	530,437
Revenue from other municipals	(1)	32,520	-	12,259	4,840,777	-	2,546,107	-	7,431,662
User charges	(39,100)	25,947	15,056	6,513,801	60,363	-	1,535,890	294,626	8,406,583
Government grants - Federal	809,775	-	-	-	-	-	137,093	-	946,868
Government grants - Provincial	2,232,385	88,446	1,258,197	127,586	6,715,544	-	265,084	-	10,687,242
Investment income	2,385,637	11,096	-	16,289	110,219	-	3,194	201	2,526,636
Penalties and interest on taxes/utilities	158,238	-	-	-	-	-	-	-	158,238
Donations	-	-	-	-	-	-	(71,239)	-	(71,239)
Fines	-	(869,202)	-	-	-	-	-	-	(869,202)
Other	(442,325)	-	-	-	-	-	34,911	87,052	(320,362)
Dividend income - Lakeland Holding	311,400	-	-	-	-	-	-	-	311,400
	7,772,341	2,452,308	4,273,602	7,945,371	12,384,805	443,944	6,911,153	884,694	43,068,218
<b>Expenses</b>									
Salaries, wages and benefits	1,342,744	1,401,803	1,343,784	1,911,448	366,768	-	1,525,730	526,722	8,418,999
Materials	479,196	249,938	966,595	1,283,857	225,995	-	1,368,877	1,903,104	6,477,562
Contracted services	314,213	2,307,674	511,747	1,232,244	10,560,289	-	322,735	344,505	15,593,407
Rents & financial services	87,872	20,435	1,943	13,154	82,736	-	34,210	13,382	253,732
Interest on long-term debt	113,420	-	253,201	250,568	-	-	83,817	-	701,006
External transfers to others	48,013	306,282	10,000	-	477,128	437,083	372,522	232,547	1,883,575
Amortization of tangible assets	254,762	172,431	2,161,811	1,737,417	518,343	-	686,351	8,848	5,541,963
Inter-segment transfers	-	-	-	-	-	-	-	-	-
	2,640,220	4,458,563	5,249,081	6,428,688	12,231,259	437,083	4,396,242	3,029,108	38,870,244
<b>Net Surplus (Deficit)</b>	\$ 5,132,121	\$ (2,006,255)	\$ (975,479)	\$ 1,516,683	\$ 153,546	\$ 6,861	\$ 2,514,911	\$ (2,144,414)	\$ 4,197,974

# The Corporation of the Town of Parry Sound

## Consolidated Schedule of Segmented Disclosure

### Schedule 1

December 31, 2022

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social And Family Services	Recreation and Culture Services	Planning and Development	2022 Total	
<b>Revenue</b>	\$ 2,360,733	\$ 2,826,021	\$ 2,556,890	\$ 1,091,064	\$ 562,006	\$ 393,177	\$ 2,121,011	\$ 447,933	\$ 12,358,835	Restated (note 3)
Property taxation	513,360	-	-	-	-	-	-	-	513,360	
Taxation from other governments	128,578	26,239	-	9,459	4,610,264	-	10,000	-	4,784,540	
Revenue from other municipals	38,250	31,549	-	6,780,912	49,101	-	1,036,042	294,041	8,251,506	
User charges	321,142	-	21,611	-	-	-	575,626	-	896,768	
Government grants - Federal	2,450,982	85,384	1,762,304	120,905	6,246,358	-	73,094	-	10,739,027	
Government grants - Provincial	981,590	3,693	-	6,751	38,222	-	2,433	436	1,033,125	
Investment income	123,540	-	-	-	-	-	-	-	123,540	
Penalties and interest on taxes/utilities	22,979	-	-	-	-	-	-	-	50,844	
Donations	-	928,404	-	-	-	-	27,865	-	928,404	
Fines	-	-	-	-	-	-	-	-	424,136	
Other	285,171	-	-	-	-	-	22,484	116,481	311,400	
Dividend income - Lakeland Holding	311,400	-	-	-	-	-	-	-	-	
Contributed capital	-	-	-	-	-	-	-	-	-	
	<b>7,537,725</b>	<b>3,901,290</b>	<b>4,340,805</b>	<b>8,009,091</b>	<b>11,505,951</b>	<b>393,177</b>	<b>3,868,555</b>	<b>858,891</b>	<b>40,415,485</b>	
<b>Expenses</b>										
Salaries, wages and benefits	1,332,488	1,213,369	1,327,227	1,889,440	348,625	-	1,681,921	430,479	8,223,549	
Materials	529,779	258,180	867,560	1,229,270	234,475	-	1,154,767	543,602	4,817,633	
Contracted services	343,924	2,425,243	369,440	1,191,893	9,800,118	-	430,925	265,598	14,827,141	
Rents & financial services (recovery)	(73,016)	15,729	3,438	11,135	78,729	-	28,892	(28,124)	36,783	
Interest on long-term debt	124,286	-	257,065	263,749	-	-	85,923	-	731,023	
External transfers to others	23,404	353,530	10,000	-	462,962	426,948	7,397	65,418	1,349,659	
Amortization of tangible assets	247,296	173,302	2,147,249	1,735,186	479,674	-	729,583	25,850	5,538,140	
	<b>2,528,161</b>	<b>4,439,353</b>	<b>4,981,979</b>	<b>6,320,673</b>	<b>11,404,583</b>	<b>426,948</b>	<b>4,119,408</b>	<b>1,302,823</b>	<b>35,523,928</b>	
<b>Net Surplus (Deficit)</b>	<b>\$ 5,009,564</b>	<b>\$ (538,063)</b>	<b>\$ (641,174)</b>	<b>\$ 1,688,418</b>	<b>\$ 101,368</b>	<b>\$ (33,771)</b>	<b>\$ (250,853)</b>	<b>\$ (443,932)</b>	<b>\$ 4,891,557</b>	