
**THE CORPORATION OF
THE TOWNSHIP OF STRONG**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE CORPORATION OF THE TOWNSHIP OF STRONG
CONTENTS

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statements of Operations and Accumulated Surplus	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 23

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Strong

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Strong ("the Township"), 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 Township of Strong 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 Township 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 Township'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 Township'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 Township 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 Township and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

North Bay, Canada
August 8, 2023

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF STRONG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash (Note 4)	\$ 966,949	\$ 2,145,648
Temporary Investments (Notes 4, 5)	764,971	660,791
Portfolio Investments (Note 6)	428,414	-
Taxes receivable (Note 7)	230,389	222,529
Accounts receivable	1,054,468	319,554
	3,445,191	3,348,522
LIABILITIES		
Accounts payable and accrued liabilities	597,254	620,760
Deferred revenue-general (Note 8)	93,995	57,794
Deferred revenue-obligatory reserve funds (Note 9)	118,011	112,094
Municipal debt (Note 10)	1,236,560	374,079
Employee benefits payable (Note 11)	87,292	67,681
Landfill closure and post-closure liability (Note 12)	313,375	556,193
	2,446,487	1,788,601
	998,704	1,559,921
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 15)	14,541,974	12,665,944
Inventories of supplies	188,179	156,386
Prepaid expenses	2,320	1,837
	14,732,473	12,824,167
	\$ 15,731,177	\$ 14,384,088

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

APPROVED ON BEHALF OF COUNCIL:



Mayor

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

	Budget 2022 (see Note 19)	Actual 2022	Actual 2021
REVENUE			
Property taxes	\$ 2,648,531	\$ 2,701,175	\$ 2,558,948
User charges	60,477	51,379	75,705
Government transfers	2,897,779	2,601,458	1,356,297
Restructuring net revenue (Note 18)	-	2,600	-
Gain (loss) on disposal of capital assets	-	(39,919)	57,931
Other	339,305	605,478	583,993
TOTAL REVENUE	5,946,092	5,922,171	4,632,874
EXPENSES			
General government	797,217	799,897	789,075
Protection to persons and property	610,609	606,254	601,384
Transportation services	1,537,634	1,795,918	1,423,181
Environmental services	311,326	345,895	289,389
Health services	505,845	445,377	392,041
Social and family services	230,950	232,093	234,719
Recreation and cultural services	334,362	317,952	269,465
Planning and development	50,008	31,696	32,493
TOTAL EXPENSES	4,377,951	4,575,082	4,031,747
ANNUAL SURPLUS (Note 16)	1,568,141	1,347,089	601,127
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,384,088	14,384,088	13,782,961
ACCUMULATED SURPLUS, END OF YEAR	\$ 15,952,229	\$ 15,731,177	\$ 14,384,088

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF STRONG
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget 2022 <i>(see Note 19)</i>	Actual 2022	Actual 2021
Annual surplus	\$ 1,568,141	\$ 1,347,089	\$ 601,127
Acquisition of tangible capital assets	(3,402,444)	(2,686,099)	(1,380,567)
Contributed tangible capital assets, net	-	(580)	(290)
Amortization of tangible capital assets	766,428	766,701	712,388
(Gain) Loss on disposal of tangible capital assets	-	39,919	(57,931)
Proceeds from disposal of tangible capital assets	-	4,029	120,289
Change in supplies inventories	-	(31,793)	(55,752)
Change in prepaid expenses	-	(483)	2,877
Decrease in net financial assets	(1,067,875)	(561,217)	(57,859)
Net financial assets, beginning of year	1,559,921	1,559,921	1,617,780
Net financial assets, end of year	\$ 492,046	\$ 998,704	\$ 1,559,921

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF STRONG
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Operating transactions		
Annual surplus	\$ 1,347,089	\$ 601,127
Non-cash charges to operations:		
Amortization	766,701	712,388
Contributed tangible capital assets - net	(580)	(290)
(Gain) Loss on disposal of tangible capital assets	39,919	(57,931)
Change in employee benefits payable	19,611	8,070
Change in landfill closure and post-closure liability	(242,818)	(196,201)
	1,929,922	1,067,163
Changes in non-cash items:		
Taxes receivable	(7,860)	42,558
Accounts receivable	(734,914)	(123,401)
Accounts payable and accrued liabilities	(23,506)	304,524
Deferred revenue-general	36,201	(10,278)
Deferred revenue-obligatory reserve funds	5,917	65,392
Inventories of supplies	(31,793)	(55,752)
Prepaid expenses	(483)	2,877
	(756,438)	225,920
Cash provided by operating transactions	1,173,484	1,293,083
Capital transactions		
Acquisition of tangible capital assets	(2,686,099)	(1,380,567)
Proceeds from disposal of tangible capital assets	4,029	120,289
Cash applied to capital transactions	(2,682,070)	(1,260,278)
Investing transactions		
Change in temporary investments	(104,180)	(45,788)
Change in portfolio investments	(428,414)	
Cash applied to investing transactions	(532,594)	(45,788)
Financing transactions		
Proceeds from municipal debt	950,000	400,000
Debt principal repayments	(87,519)	(25,921)
Tangible capital lease repayments	-	(476)
Cash provided by financing transactions	862,481	373,603
Net change in cash	(1,178,699)	360,620
Cash, beginning of year	2,145,648	1,785,028
Cash, end of year	\$ 966,949	\$ 2,145,648
Cash flow supplementary information:		
Cash paid for interest	\$ 13,705	\$ 1,580

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Township of Strong (the "Municipality") 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 Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus balances 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 joint boards and committees are proportionally consolidated:

- Fire
- Medical Centre
- Recreation
- Arena and Hall
- Library
- Building Committee
- Economic Development

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
- District of Parry Sound (East) Home for the Aged

(iii) Accounting for school board transactions

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

(iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE TOWNSHIP OF STRONG

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) Temporary Investments

Temporary investments are recorded at cost plus accrued interest.

(iv) Portfolio Investments

Portfolio investments are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(v) 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 - 20 to 50 years
 Machinery, equipment and furniture - 5 to 20 years
 Vehicles - 2 to 30 years
 Roads - 10 to 60 years
 Bridges - 60 years

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

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

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

THE CORPORATION OF THE TOWNSHIP OF STRONGNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022

- (b) Inventories of supplies
Inventories held for consumption are recorded at the lower of cost and replacement cost.
- (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) 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 specified purpose.
- (ix) Taxation and related revenue
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality 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 Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (x) Pensions and employee benefits
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

(xi) Use of estimates

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

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2022	2021
District of Parry Sound Social Services Administration Board	\$ 128,119	\$ 127,414
North Bay Parry Sound District Health Unit	45,335	43,894
District of Parry Sound (East) Home for the Aged	102,831	98,363
	\$ 276,285	\$ 269,671

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

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

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

3. TRANSACTIONS ON BEHALF OF OTHERS

- (a) During the year, \$639,064 of taxation was collected on behalf of school boards (2021 \$622,865).
- (b) Trust funds administered by the Municipality totaling \$193,050 (2021 \$193,819) are not included in these consolidated financial statements, as they are being held in trust for the benefit of others. Trusts under administration include:
- (i) Fraser Family Fund
This trust fund was established in 2021 for the purposes of collecting donations on behalf of the surviving family members of Chris Fraser. Donations received were distributed to the family in 2021 and 2022. The balance of the trust is NIL (2021 \$4,824).
 - (ii) Care and Maintenance
This trust fund is funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemeteries. The balance of the trust is \$193,050 (2021 \$188,995).

4. RESTRICTED CASH AND TEMPORARY INVESTMENTS

Restricted cash and temporary investments of \$118,011 (2021 \$112,094) are included in the cash and temporary investment balances reported on the Consolidated Statement of Financial Position. Federal and Provincial legislation restricts how restricted cash and investments related to obligatory reserve funds, reported in Note 9, may be used.

5. TEMPORARY INVESTMENTS

Temporary investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from .75% to 7.20% and maturing between February 14, 2023 and June 30, 2024.

6. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2022		2021	
	Carrying Value	Market Value	Carrying Value	Market Value
Cash and High Interest Savings	\$ 3,463	\$ 3,463	\$ -	\$ -
Principal protected notes	225,000	212,025	-	-
Corporate bonds	199,951	192,737	-	-
	<u>\$ 428,414</u>	<u>\$ 408,225</u>	<u>\$ -</u>	<u>\$ -</u>

Maturity dates for investments range from 2025 to 2029 with bond yields ranging from 4.31% to 4.64%. Principal protected notes will receive principal plus a variable rate of interest when redeemed, with the interest based on the relative performance of the notes versus a defined index.

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

7. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2022	2021
Taxes receivable	\$ 237,112	\$ 225,529
Valuation allowance	(6,723)	(3,000)
	\$ 230,389	\$ 222,529

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	\$ 15,817	\$ 10,817
Sundridge and District Medical Centre	39,491	55,309
Other	2,486	1,946
	57,794	68,072
Received during the year		
Ontario Cannabis Legalization Implementation Fund	-	5,000
Sundridge and District Medical Centre	192,681	143,813
Provincial Modernization funding	39,534	-
Other	-	2,350
	232,215	151,163
Recognized in revenue during the year	(196,014)	(161,441)
Balance, end of year	\$ 93,995	\$ 57,794
Ontario Cannabis Legalization Implementation Fund	\$ 15,817	\$ 15,817
Sundridge and District Medical Centre	36,698	39,491
Provincial Modernization funding	39,534	-
Other	1,946	2,486
Balance, end of year	\$ 93,995	\$ 57,794

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

9. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act and Federal Community-Building funding (previously gas tax) under an agreement with the Association of Municipalities of Ontario. 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 Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Community-Building revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its Community-Building funding to local road and bridge improvements and to solid waste disposal.

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)	\$ 1,517	\$ -
Building Code Act	110,577	46,702
	<u>112,094</u>	<u>46,702</u>
Received during the year:		
Recreational land (the Planning Act)	1,000	1,500
Building Code Act	4,843	63,875
Interest earned	74	17
	<u>5,917</u>	<u>65,392</u>
Balance, end of year	\$ 118,011	\$ 112,094
Recreational land (the Planning Act)	\$ 2,591	\$ 1,517
Building Code Act	115,420	110,577
Balance, end of year	\$ 118,011	\$ 112,094

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

10. 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 and Lands Corporation amortizing debenture, due August 2026, repayable in monthly payments of \$6,873 including interest calculated at 1.21%.	\$ 295,687	\$ 374,079
Proportionate share of Sundridge and District Medical Centre Ontario Infrastructure and Lands Corporation amortizing debenture, due November 2052, repayable in semi-annual payments of \$47,103 including interest calculated at 4.74%.	\$ 750,000	-
Proportionate share of Sundridge-Strong-Joly Arena & Hall Ontario Infrastructure and Lands Corporation amortizing debenture, due September 2027, repayable in monthly payments of \$7,329 including interest calculated at 3.79%.	190,873	-
	\$ 1,236,560	\$ 374,079

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

	Principal	Interest
2023	\$ 128,419	\$ 45,141
2024	131,387	42,173
2025	134,449	39,111
2026	110,072	35,993
2027	46,563	33,519
2028 onwards	685,670	491,897
	\$ 1,236,560	\$ 687,834

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

	2022	2021
Principal payments	\$ 87,519	\$ 25,921
Interest	11,101	1,757
	\$ 98,620	\$ 27,678

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

11. EMPLOYEE BENEFITS PAYABLE

- (a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any 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 \$67,315 (2021 \$49,810) at the end of the year.
- (b) Under the retirement gratuity policy, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the 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 the retirement gratuity is estimated at \$19,977 (2021 \$17,871) at the end of the year.

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 Municipality is currently responsible for two waste disposal sites as outlined below.

Forest Lake Road Landfill Site

The liability for this landfill site is recorded at \$12,704 (2021 \$101,162) and represents the present value of closure and post-closure costs for 31% (2021 30%) of the total 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 \$41,348 (2021 \$333,516), leaving an amount to be recognized of \$28,644 (2021 \$232,354). The estimated remaining capacity of the site is approximately 229,118 cubic metres (2021 230,420 cubic metres), estimated to be filled in 176 years (2021 177 years). Post-closure care is estimated to be required for a period of 25 years.

Muskoka Road Landfill Site

The liability for this landfill site is recorded at \$300,671 (2021 \$455,031) and represents the present value of closure and post-closure costs for 65% (2021 64%) of the total 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 \$460,603 (2021 \$707,826), leaving an amount to be recognized of \$159,932 (2021 \$252,795). The estimated remaining capacity of the site is approximately 32,344 cubic metres (2021 33,268 cubic metres), estimated to be filled in 35 years (2021 36 years). Post-closure care is estimated to be required for a period of 25 years.

As a result of changes to assumptions made in 2022 relating to the discount rate underlying the estimated liability, the estimated liability has been reduced by approximately \$638,542.

The Municipality has reserves of \$259,079 (2021 \$254,079) that could be used to fund this liability.

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

13. CONTRACTUAL OBLIGATIONS

In conjunction with the Corporation of the Village of Sundridge and the Corporation of the Township of Joly, the Municipality has the following contractual obligations at the end of the year:

- (a) W. S. Morgan Construction Limited for the renovation of the medical centre, at a cost, including change orders, of \$1,409,242 plus HST. To the end of 2022, \$1,209,304 of work under this contract had been completed. The balance of the work is expected to be completed in 2023.
- (b) ICONmedia for the supply and installation of an electronic sign at the arena, at a cost of \$35,669. To the end of 2022, \$17,835 had been paid towards this contract. The balance of the contract is expected to be completed in 2023.

The Municipality has the following additional contractual obligations at the end of the year:

- (a) A. Miron Topsoil Ltd. for the provision of winter sand for 2023 at a cost of \$49,600 plus HST.
- (b) Duncor Enterprises Inc. for the double surface treatment of municipal roads in 2023, at a cost of \$161,423 plus HST.
- (c) Equipements TNO for the supply and assembly of a MegaDome at a cost of \$470,800 plus HST. To the end of 2022, \$388,738 of work under this contract had been performed. The balance of the work is expected to be completed in 2023.
- (d) StoneShare for the provision of services for the digitization and electronic records management project at a cost of \$49,000 plus HST. Work under this contract commenced in 2023.

14. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation in all but two claims. Therefore, no provision has been made in the accompanying financial statements. For two claims in the total amount of \$4,010,000 the likelihood and extent of loss, if any, is not yet determinable. Therefore, no provision has been made in the accompanying financial statements.

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

15. TANGIBLE CAPITAL ASSETS

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

2022							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,043,370	\$ 2,376,695	\$ 1,352,062	\$ 2,088,775	\$ 19,811,092	\$ 61,244	\$ 26,733,238
Additions and betterments	523,200	668,133	18,015	-	656,860	819,891	2,686,099
Contributed assets	740	-	-	-	-	-	740
Disposals and writedowns	(242,818)	(159,708)	(8,508)	-	(251,721)	-	(662,755)
BALANCE, END OF YEAR	1,324,492	2,885,120	1,361,569	2,088,775	20,216,231	881,135	28,757,322
ACCUMULATED AMORTIZATION							
Balance, beginning of year	707,173	1,059,808	804,775	834,296	10,661,242	-	14,067,294
Annual amortization	19,560	55,945	66,581	134,905	489,710	-	766,701
Accumulated amortization - contributed assets	160	-	-	-	-	-	160
Amortization disposals	(242,818)	(129,573)	(8,507)	-	(237,909)	-	(618,807)
BALANCE, END OF YEAR	484,075	986,180	862,849	969,201	10,913,043	-	14,215,348
TANGIBLE CAPITAL ASSETS-NET	\$ 840,417	\$ 1,898,940	\$ 498,720	\$ 1,119,574	\$ 9,303,188	\$ 881,135	\$ 14,541,974
2021							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,155,515	\$ 2,360,942	\$ 1,323,969	\$ 1,934,060	\$ 19,505,138	\$ 3,243	\$ 26,282,867
Additions and betterments	83,766	60,825	87,213	450,455	640,307	58,001	1,380,567
Contributed assets	290	-	-	-	-	-	290
Disposals and writedowns	(196,201)	(45,072)	(59,120)	(295,740)	(334,353)	-	(930,486)
BALANCE, END OF YEAR	1,043,370	2,376,695	1,352,062	2,088,775	19,811,092	61,244	26,733,238
ACCUMULATED AMORTIZATION							
Balance, beginning of year	891,700	1,022,829	777,462	992,903	10,538,140	-	14,223,034
Annual amortization	11,674	49,516	66,904	128,608	455,686	-	712,388
Amortization disposals	(196,201)	(12,537)	(39,591)	(287,215)	(332,584)	-	(868,128)
BALANCE, END OF YEAR	707,173	1,059,808	804,775	834,296	10,661,242	-	14,067,294
TANGIBLE CAPITAL ASSETS-NET	\$ 336,197	\$ 1,316,887	\$ 547,287	\$ 1,254,479	\$ 9,149,850	\$ 61,244	\$ 12,665,944

THE CORPORATION OF THE TOWNSHIP OF STRONG

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 capital	\$ 323,618	\$ -	\$ 323,618
Tax arrears coverage	323,781	-	323,781
Election	14,999	-	14,999
Buildings	111,250	40,000	151,250
Infrastructure	100,000	9,497	109,497
Roads	716,845	-	716,845
Community hub	-	300,000	300,000
Landfill closure	254,079	5,000	259,079
Landfill capital	35,800	5,800	41,600
Berriedale Cemetery	1,139	-	1,139
Strong Cemetery	4,895	-	4,895
Medical Centre renovations/Dr. retention	16,859	-	16,859
Arena	39,166	1,000	40,166
Library	24,548	1,150	25,698
Recreation facility	45,000	5,000	50,000
	2,011,979	367,447	2,379,426
OTHER			
Consolidated tangible capital assets	12,665,944	1,876,030	14,541,974
General operating surplus (deficit) -			
Municipality	700,274	(777,194)	(76,920)
Berriedale Cemetery	7,573	(2)	7,571
Pevensey Cemetery	1,514	(549)	965
Strong Cemetery	8,238	(7,565)	673
Arena	15,033	3,060	18,093
Library	2,309	(1,228)	1,081
Medical Centre	(35,515)	521,664	486,149
Almaguin Community Economic Development	4,692	4,700	9,392
Unfunded amounts -			
Municipal debt	(374,079)	(862,481)	(1,236,560)
Employee benefits payable	(67,681)	(19,611)	(87,292)
Landfill closure and post-closure liability	(556,193)	242,818	(313,375)
	\$ 14,384,088	\$ 1,347,089	\$ 15,731,177

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality 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 Municipality'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, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes solid waste management.

Health Services

This segment includes cemeteries, 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, recreation facilities and library services.

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 Municipality's annual Ontario Municipal Partnership Fund grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administrative time and rent to specific segments.

THE CORPORATION OF THE TOWNSHIP OF STRONG

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	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,701,175	\$ 2,701,175
User charges	4,529	7,461	1,750	15,820	6,830	-	10,739	4,250	-	51,379
Government transfers -										
Canada	-	-	91,276	-	-	-	382,661	19,749	-	493,686
Ontario	16,134	7,949	267,229	70,336	525,384	-	573,693	4,090	525,100	1,989,915
Other municipalities	-	14,872	-	102,285	200	-	500	-	-	117,857
Restructuring net revenue	-	-	-	-	-	-	-	2,600	-	2,600
Loss on disposal of capital assets	(468)	-	(19,012)	-	(1,535)	-	(18,904)	-	-	(39,919)
Writedown of landfill closure liability	-	-	-	242,818	-	-	-	-	-	242,818
Other	37,304	47,679	19,845	41,215	60,610	-	50,123	-	105,884	362,660
TOTAL REVENUE	57,499	77,961	361,088	472,474	591,489	-	998,812	30,689	3,332,159	5,922,171
EXPENSES										
Salaries, wages and benefits	514,273	133,523	291,046	176,329	78,842	-	139,398	23,556	-	1,356,967
Long-term debt charges (interest)	-	-	4,054	-	4,578	-	2,469	-	-	11,101
Materials	87,597	81,175	527,959	43,563	31,961	-	95,325	3,644	-	871,224
Contracted services	180,965	345,986	343,661	105,682	249,883	-	20,072	4,321	-	1,250,570
Rents and financial expenses	3,154	331	-	-	14,913	-	14,569	8	-	32,975
External transfers	1,969	-	-	-	51,282	-	200	-	-	285,544
Interfunctional adjustments	(6,447)	2,547	-	-	-	-	3,900	-	-	-
Amortization	18,386	42,692	629,198	20,321	13,918	-	42,019	167	-	766,701
TOTAL EXPENSES	799,897	606,254	1,795,918	345,895	445,377	232,093	317,952	31,696	-	4,575,082
ANNUAL SURPLUS (DEFICIT)	\$ (742,398)	\$ (528,293)	\$ (1,434,830)	\$ 126,579	\$ 146,112	\$ (232,093)	\$ 680,860	\$ (1,007)	\$ 3,332,159	\$ 1,347,089

THE CORPORATION OF THE TOWNSHIP OF STRONG

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	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,558,948	\$ 2,558,948
User charges	8,781	11,514	-	18,815	3,596	-	30,203	2,796	-	75,705
Government transfers -										
Canada	51,199	-	180,423	-	-	-	1,000	14,672	-	247,294
Ontario	10,705	6,126	192,279	27,772	160,201	-	8,217	6,188	574,333	985,821
Other municipalities	-	17,114	-	100,279	5,363	-	426	-	-	123,182
Gain (loss) on disposal of capital assets	4,527	-	35,326	18,440	(58)	-	(304)	-	-	57,931
Writedown of landfill closure liability	-	-	-	196,201	-	-	-	-	-	196,201
Other	36,772	63,692	5,277	43,671	46,600	-	40,263	348	151,169	387,792
TOTAL REVENUE	111,984	98,446	413,305	405,178	215,702	-	79,805	24,004	3,284,450	4,632,874
EXPENSES										
Salaries, wages and benefits	491,919	146,945	352,890	145,826	80,678	-	135,152	20,495	-	1,373,905
Long-term debt charges (interest)	-	-	1,757	-	-	-	6	-	-	1,763
Materials	69,299	51,616	405,389	28,354	33,573	-	72,835	4,605	-	665,671
Contracted services	214,108	353,854	68,710	93,803	216,007	-	19,009	6,221	-	971,712
Rents and financial expenses	2,775	1,793	8,542	-	7,888	-	4,331	-	-	25,329
External transfers	250	-	-	-	44,501	-	494	-	-	280,979
Interfunctional adjustments	(7,582)	4,167	-	-	1,356	-	2,059	-	-	-
Amortization	18,306	43,009	585,893	21,406	8,038	-	35,579	-	-	712,388
TOTAL EXPENSES	789,075	601,384	1,423,181	289,389	392,041	234,719	269,465	32,493	-	4,031,747
ANNUAL SURPLUS (DEFICIT)	\$ (677,091)	\$ (502,938)	\$ (1,009,876)	\$ 115,789	\$ (176,339)	\$ (234,719)	\$ (189,660)	\$ (8,489)	\$ 3,284,450	\$ 601,127

THE CORPORATION OF THE TOWNSHIP OF STRONG

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

18. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement included the following independent organizations:

- The Corporation of the Township of Perry;
- The Municipal Corporation of the Township of Armour;
- The Corporation of the Township of Ryerson;
- The Corporation of the Village of Sundridge;
- The Almaguin Highlands Chamber of Commerce;
- The Corporation of the Municipality of Magnetawan;
- The Corporation of the Municipality of the Village of Burk's Falls;
- The Corporation of the Township of Strong;
- The Corporation of the Village of South River;
- The Corporation of the Municipality of Powassan;
- The Corporation of the Township of Joly.

The Corporation of the Municipality of Magnetawan withdrew from the agreement effective June 9, 2022 and the Corporation of the Municipality of Powassan withdrew effective December 31, 2022. The assets, liabilities and surplus at the time of withdrawal were retained by ACED.

In 2022 the Municipality recorded net revenue of \$2,600 as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 15.

19. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (705,023)
Increase in reserves and reserve funds	370,070
Decrease in board and joint board general operating surplus	(6,768)
ADJUSTMENTS:	
Acquisition of tangible capital assets	3,402,444
Amortization of tangible capital assets	(766,428)
Increase in long-term debt	(726,154)
ANNUAL SURPLUS	\$ 1,568,141

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022

20. PENSION AGREEMENTS

The Municipality 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 Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2022 was \$73,573 (2021 \$78,763) for current service and is included as an expense on the Consolidated Statement of Operations.