

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

**INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2022

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
COUNCIL AND OFFICIALS
DECEMBER 31, 2022

MUNICIPAL COUNCIL

Mayor

Johanne Baril

Councillors

Alain Tremblay

Angèle Beauvais

Carole Lessard

Roger Lachance

MUNICIPAL OFFICIALS

Chief Administrative Officer

Jimmy Côté

Clerk/Treasurer

Vickie Boudreau

Accounting Clerk

Lise Bérubé

Fire Chief

Bertrand Filion

Public Works Foreman

Stefan Landry

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of the Corporation of the Town of Val Rita - Harty are the responsibility of management and have been prepared in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

The Council meets with management to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval.

The consolidated financial statements have been audited by Baker Tilly HKC, independent external auditors appointed by the Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

Val Rita, Ontario

November 29, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Val Rita - Harty

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Val Rita - Harty, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of operations and accumulated surplus, changes 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 consolidated financial position of the corporation as at December 31, 2022, and the results of its consolidated operations and accumulated surplus, changes in 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 corporation 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

Responsibilities of Management and Those Charged with Governance for the 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 corporation'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 corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

- ♦ 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 corporation'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 managements' 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 corporation ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Baker Tilly HKC

Chartered Professional Accountants
Licenced Public Accountants
November 29, 2023

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021 Restated -note 21
FINANCIAL ASSETS		
Cash	\$ 387,927	\$ 728,124
Accounts receivable (Note 5)	831,779	384,945
Taxes receivable (Note 6)	156,337	175,185
	1,376,043	1,288,254
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	555,363	223,904
Deferred revenue-Obligatory reserve funds (Note 9)	236,325	442,904
Landfill closure and post-closure liability (Note 10)	87,000	75,000
Long-term debt (Note 11)	250,160	372,977
	1,128,848	1,114,785
NET FINANCIAL ASSETS	247,195	173,469
NON-FINANCIAL ASSETS		
Inventory	5,946	5,019
Prepaid expenses	1,725	86
Tangible capital assets (Note 12)	5,642,684	5,422,461
	5,650,355	5,427,566
ACCUMULATED SURPLUS (Note 13)	\$ 5,897,550	\$ 5,601,035

CONTINGENCY (Note 10)

COMMITMENTS (Note 16)

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2022

	Budget	2022	2021
	(Note 19)	Actual	Restated
			-note 21
REVENUES (page 28)			
Taxation	\$ 1,432,169	\$ 1,420,644	\$ 1,372,050
User charges	233,096	234,652	228,957
Government transfers - operations	818,633	1,184,088	772,990
Other revenues	364,072	178,044	172,985
	<u>2,847,970</u>	<u>3,017,428</u>	<u>2,546,982</u>
EXPENSES (pages 29 - 35)			
General government services	621,086	684,586	580,891
Protection services	212,202	624,581	281,520
Transportation services	939,236	836,088	801,513
Environmental services	343,127	595,966	561,650
Health, social and family services	262,795	221,270	210,374
Recreation and cultural services	838,552	244,389	201,395
Planning and development services	153,220	131,728	119,662
	<u>3,370,218</u>	<u>3,338,608</u>	<u>2,757,005</u>
EXCESS OF EXPENSES OVER REVENUES	(522,248)	(321,180)	(210,023)
GOVERNMENT TRANSFERS - CAPITAL	<u>522,248</u>	<u>617,695</u>	<u>64,753</u>
ANNUAL SURPLUS (DEFICIT)	-	296,515	(145,270)
ACCUMULATED SURPLUS, BEGINNING OF THE YEAR	<u>5,601,035</u>	<u>5,601,035</u>	<u>5,746,305</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 5,601,035</u>	<u>\$ 5,897,550</u>	<u>\$ 5,601,035</u>

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 296,515	\$ (145,270)
TANGIBLE CAPITAL ASSETS ACTIVITIES			
Acquisition of tangible capital assets	-	(749,629)	(80,108)
Amortization of tangible capital assets	-	470,442	469,192
Loss on disposal of tangible capital assets	-	53,965	-
Proceeds of disposition of tangible capital assets	-	5,000	-
	-	(220,222)	389,084
NON-FINANCIAL ASSETS ACTIVITIES			
Change in inventory	-	(928)	(363)
Change in prepaid expenses	-	(1,639)	(86)
	-	(2,567)	(449)
CHANGE IN NET FINANCIAL ASSETS	-	73,726	243,365
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	173,469	173,469	(69,896)
NET FINANCIAL ASSETS, END OF YEAR	\$ 173,469	\$ 247,195	\$ 173,469

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 296,515	\$ (145,270)
Items non affecting cash:		
Amortization of tangible capital assets	470,442	469,192
Loss on disposal of tangible capital assets	53,965	-
	<u>820,922</u>	<u>323,922</u>
Changes in:		
Accounts receivable	(446,834)	(44,275)
Taxes receivable	18,848	47,837
Accounts payable and accrued liabilities	331,459	8,850
Deferred revenue-Obligatory reserve funds	(206,579)	296,251
Inventory	(928)	(363)
Prepaid expenses	(1,639)	(86)
Landfill closure and post-closure liability	12,000	2,000
	<u>527,249</u>	<u>634,136</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(749,629)	(80,108)
Proceeds of disposition of tangible capital assets	5,000	-
	<u>(744,629)</u>	<u>(80,108)</u>
FINANCING ACTIVITY		
Principal payments on long-term debt	(122,817)	(160,268)
INCREASE (DECREASE) IN CASH POSITION	<u>(340,197)</u>	<u>393,760</u>
CASH POSITION, BEGINNING OF YEAR	<u>728,124</u>	<u>334,364</u>
CASH POSITION, END OF YEAR	<u>\$ 387,927</u>	<u>\$ 728,124</u>

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The Corporation of the Township of Val Rita - Harty (the “municipality”) is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the municipality are prepared in accordance with Canadian Public Sector Accounting Standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

CONSOLIDATION

These consolidated statements reflect the financial assets, liabilities, revenues and expenses of the municipal and include the activities of all committees of the Council and the following board, which is under the control of the Council: La Bibliothèque Municipale de la Corporation du Canton de Val Rita - Harty.

All interfund assets, liabilities, revenues and expenses have been eliminated.

NON-CONSOLIDATED JOINT LOCAL BOARDS

The following joint local boards are not consolidated:

District of Cochrane Social Services Administration Board
Porcupine Health Unit

ACCOUNTING FOR SCHOOL BOARD TRANSACTIONS

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

ACCRUAL BASIS OF ACCOUNTING

Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Revenues from taxation, grants and all other sources are recognized when the amount is fixed or reasonably determinable and collectability is reasonably assured. 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.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in financial institutions and short-term guaranteed investment certificates.

DEFERRED REVENUE

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

A requirement of Canadian Public Sector Accounting Standards is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds be used and under certain circumstances these funds may possibly be refunded.

MULTI-EMPLOYER DEFINED BENEFIT PENSION

Substantially all of the employees of the municipal are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to OMERS, whereby contributions are expensed when due as the municipal has insufficient information to apply defined benefit accounting.

ACCUMULATED SURPLUS

Certain amounts of surpluses, as approved by the Council, are set aside in reserves for future operations and capital purposes. Transfers to and/or from reserves are recorded as an adjustment to the respective reserve when approved.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for 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. The change in non-financial assets during the year combined with the annual surplus (deficit) provides the change in net financial assets (debt) for the year.

Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost with cost being determined by the average cost method.

Tangible Capital Assets

Under Canadian public sector accounting standards guidelines, tangible capital assets are recorded at historical cost which includes all amounts that are directly attributable to acquisition, construction, development or settlement of the asset and amortized over their estimated useful life. Tangible capital assets are defined as non-financial assets with an estimated useful life greater than 1 year, held for use in the production or supply of goods and services, not held for resale, in continuous use, and valued in excess of an established financial threshold. The cost, less residual value, if any, of the tangible capital assets is amortized on a straight-line basis, over the expected useful life of the assets as follows:

GENERAL

Land improvements	20 to 75 years
Building	50 years
Vehicles, machinery and equipment	10 to 25 years
Furniture and fixtures	10 years
Computers	5 years

INFRASTRUCTURE

Roads	7 to 50 years
Water and sewer system	50 years

Assets under construction are not amortized until the asset is available for productive use.

Contribution of Tangible Capital Assets

Tangible Capital Assets received as contributions are recorded at their fair market value at the date of receipt.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

REVENUE RECOGNITION

Taxation Revenue

Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act 2001. The Municipal Council establishes the tax rates annually and incorporate amounts to be raised for local services and on behalf of the School Boards in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the municipality upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose minimal collection risk.

Government Transfers

Government transfer revenues are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. All other transfers are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that any stipulations give rise to an obligation that meets the definition of a liability for the municipality. The municipality also provides transfers to individuals or organizations. These transfers are recognized as expenses once they are authorized and eligibility criteria, if any, are met.

User Charges

User charges relate to various programs, and fees imposed on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Other Revenues

Other revenues, such as fines and penalties and others are recognized in the year that the event giving rise to the revenues occur and the revenues are earned.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

MEASUREMENT UNCERTAINTY

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Estimates are used when accounting for items and matters such as allowance for uncollectible taxes and other accounts receivable, useful life of tangible capital assets, obsolescence of inventories of supplies, accrued liabilities and contingencies. Actual results could differ from those estimates.

3. OPERATIONS OF SCHOOL BOARDS

Further to note 2 "Accounting for School Board Transactions", the taxation, other revenues and expenses relating to the school boards are comprised of the following:

	Public	Separate	2022	2021
Revenues raised and transferred to boards:				
Regular tax levy	\$ 176,256	\$ 180,377	\$ 356,633	\$ 356,396

4. CONTRIBUTION TO NON-CONSOLIDATED JOINT LOCAL BOARDS

Further to note 2 "Non-Consolidated Joint Local Boards", the following contributions were made by the municipality to these entities:

	Budget (Note 19)	2022 Actual	2021 Actual
Porcupine Health Unit	\$ 29,505	\$ 29,508	\$ 26,820
District of Cochrane Social Services Administration Board	146,125	143,722	142,535
	<u>\$ 175,630</u>	<u>\$ 173,230</u>	<u>\$ 169,355</u>

The municipality is contingently liable for its share of any accumulated deficits as at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. ACCOUNTS RECEIVABLE

	2022	2021
Province of Ontario	\$ 194,664	\$ 230,282
Government of Canada	548,331	53,089
Other	88,784	101,574
	\$ 831,779	\$ 384,945

6. TAXES RECEIVABLE

	2022	2021
Current year	\$ 73,164	\$ 59,484
Prior years	64,548	94,584
Penalties and interest	18,625	21,117
	\$ 156,337	\$ 175,185

7. BANK INDEBTEDNESS

The municipality has an authorized line of credit of \$500,000 bearing interest at prime plus 0.75% and is secured by a general assignment of the municipality's assets. At the end of the year, the line of credit is not utilized (2021 - \$nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Trade and accrued expenses	\$ 501,470	\$ 82,994
Payroll related	63,496	69,186
School boards	(10,745)	69,512
Other	1,142	2,212
	\$ 555,363	\$ 223,904

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

9. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

Revenues received that should be used in the next year and have been set aside for specific purposes by legislation, regulation or agreement, are included in deferred revenue. These revenues may only be used in the conduct of certain programs or in the completion of specific work.

Details of these deferred revenue and obligatory reserve funds amounts are as follows:

	Balance, beginning	Received	Utilized	Balance, ending
Federal Gas Tax	\$ 151,629	\$ 48,334	\$ 144,286	\$ 55,677
OCIF	50,000	100,000	110,197	39,803
Community Transportation	23,462	154,828	133,818	44,472
COVID-19	43,701	-	-	43,701
OTF-Resilient Funding	99,947	-	99,947	-
ICIP-COVID	41,567	-	41,567	-
Library	285	13,125	285	13,125
Modernization funding	1,922	-	1,922	-
ENDM	30,391	64,102	54,946	39,547
	\$ 442,904	\$ 380,389	\$ 586,968	\$ 236,325

10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at municipality's average long-term borrowing rate of 1.3% (2021 - 2.01%). The estimated total landfill closure and post-closure care expenses are calculated to be \$96,959. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2022, an amount of \$87,000 (2021 - \$75,000) with respect to landfill closure and post-closure liabilities has been accrued.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY, (CONT'D)

The estimated remaining capacity of the landfill site is 10% of its total estimated capacity and its estimated remaining life is approximately 6 to 7 years. The period for post-closure care is estimated to be 15 years.

11. LONG-TERM DEBT

	2022	2021
Caisse populaire Alliance Ltée loan repaid during the year	\$ -	\$ 21,372
Caisse populaire Alliance Ltée loan repaid during the year	-	11,444
Caisse populaire Alliance Limitée loan, 3.70%, monthly interest and principal payments of \$1,039, secured by a borrowing resolution, due December 2024	35,370	46,312
Caisse populaire Alliance Limitée loan, 4.29%, monthly interest and principal payments of \$1,380, secured by a borrowing resolution, due April 2024	21,422	36,705
Infrastructure Ontario, 2.58%, payable in semi-annual interest and principal payments of \$13,866, secured by a borrowing resolution, due February 2027	117,110	141,350
Infrastructure Ontario, 3%, payable in semi-annual interest and principal payments of \$7,572, secured by a borrowing resolution, due April 2028	76,258	88,831
TD Canada Trust loan repaid during the year	-	5,391
TD Canada Trust loan repaid during the year	-	21,572
	<u>\$ 250,160</u>	<u>\$ 372,977</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

11. LONG-TERM DEBT, (CONT'D)

The principal repayments due are as follows:

2023	\$ 65,096
2024	56,083
2025	52,128
2026	41,029
2027	28,317
2028 and subsequent	<u>7,507</u>
	<u>\$ 250,160</u>

During the year, the municipality paid the following long-term debt charges:

	<u>2022</u>	<u>2021</u>
Principal payments	\$ 122,817	\$ 160,268
Interest charges	<u>9,830</u>	<u>14,674</u>
	<u>\$ 132,647</u>	<u>\$ 174,942</u>

The long-term liabilities issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments limit presented by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

12. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31, 2021	Additions	Disposals and transfers	Balance at December 31, 2022
Land	\$ 382,720	\$ -	\$ (58,965)	\$ 323,755
Land improvements	84,431	117,195	-	201,626
Buildings	3,124,516	460,781	10,478	3,595,776
Vehicles, machinery and equipment	3,050,938	69,984	-	3,120,922
Furniture and fixtures	100,967	41,541	-	142,508
Computers	175,791	-	-	175,791
Roads	3,434,034	60,128	-	3,494,162
Water and sewer systems	3,940,510	-	-	3,940,510
Assets under construction	50,439	-	(10,478)	39,961
	\$ 14,344,346	\$ 749,629	\$ (58,965)	\$ 15,035,011

Accumulated Amortization	Balance at December 31, 2021 (Restated- note 21)	Disposals	Amortization expense	Balance at December 31, 2022
Land improvements	\$ 36,462	\$ -	\$ 5,982	\$ 42,444
Buildings	1,563,416	-	71,916	1,635,332
Vehicles, machinery and equipment	2,165,837	-	139,789	2,305,626
Furniture and fixtures	55,905	-	9,653	65,558
Computers	160,526	-	2,942	163,468
Roads	2,352,313	-	39,761	2,392,074
Water and sewer systems	2,587,426	-	200,399	2,787,825
	\$ 8,921,885	\$ -	\$ 470,442	\$ 9,392,327

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

12. TANGIBLE CAPITAL ASSETS, (CONT'D)

Net book value	Balance at December 31, 2021 (Restated- note 21)	Balance at December 31, 2022
Land	\$ 382,720	\$ 323,754
Land improvements	47,969	159,182
Buildings	1,561,100	1,960,444
Vehicles, machinery and equipment	885,101	814,117
Furniture and fixtures	45,062	79,152
Computers	15,265	11,301
Roads	1,081,721	1,102,087
Water and sewer systems	1,353,084	1,152,686
Assets under construction	50,439	39,961
	\$ 5,422,461	\$ 5,642,684

Property and equipment includes the following assets that are available for sale: a building with a net book value of \$32,367 and land with a net book value of \$2. These assets were sold subsequent to the year end.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

13. ACCUMULATED SURPLUS

Accumulated surplus consist of the following:

	2022	2021 Restated -note 21
RESERVES SET ASIDE FOR SPECIFIC PURPOSES BY THE COUNCIL		
Recreation activities	\$ 9,065	\$ 10,865
Development of Val-Rita	149,725	151,176
Development of Harty	18,294	16,790
Landfill site	58,639	58,639
Columbarium	3,517	17,933
Centre Ste-Rita	-	66,561
Kids Christmas party	14,558	15,375
Microfits projects	4,259	4,259
Capital funding	304,442	319,442
	<u>562,499</u>	<u>661,040</u>
INVESTED IN TANGIBLE CAPITAL ASSETS		
Tangible capital assets - net book value	5,642,684	5,422,461
Long-term debt	(250,160)	(372,977)
	<u>5,392,524</u>	<u>5,049,484</u>
UNFUNDED LANDFILL CLOSURE COSTS	(87,000)	(75,000)
GENERAL SURPLUS - BIBLIOTHÈQUE PUBLIQUE	13,461	6,864
GENERAL SURPLUS (DEFICIT)	<u>16,066</u>	<u>(41,353)</u>
	<u>\$ 5,897,550</u>	<u>\$ 5,601,035</u>

14. TRUST FUNDS

Trust funds administered by the municipality amounting to \$43,303 (2021 - \$43,303) have not been included on the Consolidated Statement of Financial Position nor have their operations been included in these financial statements.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

15. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan. 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. Employers and employees contribute jointly to the plan. OMERS provides pension services to more than 550,000 active and retired members and approximately 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, 2022. The results of this valuation disclosed a total accrued pension obligation of \$128,800 million (2021 - \$119,342 million) in respect of benefits with net assets available for benefits at that date of \$124,200 million (2021 - \$120,919 million) indicating an actuarial deficit of \$6,678 million (2020 - \$3,131 million). The primary plan's funded ratio of assets to pension obligation was 95% (2021 - 97%). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. However, the municipality does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the municipality to OMERS in 2022 were \$39,833 (2021 - \$29,507). Employer contributions are included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

16. COMMITMENTS

- (a) The municipality has entered into the following long-term agreements:
- (i) Ontario Clean Water Agency (OCWA) - Agreement was renewed starting on January 1, 2022 and ending on December 31, 2026 to provide supervision, operation and maintenance services for the water treatment plant and lagoon at an annual cost of \$150,154 in the first year end indexed to inflation in subsequent years.
 - (ii) Corporation of the Township of Moonbeam - Agreement starting January 1, 2023 and ending on December 31, 2023 to provide garbage collection services at a cost of \$1,803 per collection day.
 - (iii) Ministry of Natural Resources (MNR) - Agreement starting on April 1, 2019 and ending April 2023 to provide forest fire protection at an annual cost of \$8,774 in the first year and indexed to inflation in subsequent years.

Total commitments	2023	2024	2025	2026	Total
Environmental services	\$209,050	\$156,220	\$159,345	\$162,532	\$687,147
Protection services	12,615	3,840	4,115	4,115	24,685
	<u>\$221,665</u>	<u>\$160,060</u>	<u>\$163,460</u>	<u>\$166,647</u>	<u>\$711,832</u>

- (b) At December 31, 2022, the municipality is committed to contractual obligations of \$453,995 for the design of water treatment plant upgrades.
-

17. RELATED PARTY DISCLOSURES AND INTER-ENTITY TRANSACTIONS

In the normal course of its transactions, the municipality has entered in service or purchase agreements with related parties and/or inter-entities.

Transactions carried out by the municipality with related parties and/or inter-entities are carried out at their exchange value.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

18. SEGMENTED INFORMATION

The municipality is a municipal government institution that provides a range of services to its citizens. Municipal services are reported by function and their activities are separately disclosed in the Schedule of Segmented Information (pages 26 - 27). The nature of the segments and the activities they encompass are as follows:

General Government services

General government consists of the activities of Council and general financial and administrative management of the municipality and its programs and services.

Protection Services

Protection services include police and fire services.

Transportation Services

Transportation services include construction and maintenance of the municipality's roads and bridges, winter control and street lighting.

Environmental Services

This function is responsible for providing water and sewer services to certain areas within the municipality. It is also responsible for providing waste collection, waste disposal and recycling services.

Health Services

Health services consists of the activities of the cemetery and other medical services.

Social and Family Services

This function provides general assistance for social and family services.

Recreation and Cultural Services

Recreation and cultural services provide indoor and outdoor recreational facilities and programs and library services.

Planning and Development Services

The planning and development services function manages commercial, industrial and residential development within the municipality.

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

18. SEGMENTED INFORMATION, (CONT'D)

The accounting policies used in these segments are the same as those described in note 2. For each reported segment, revenues and expenses represent amounts that are directly attributable to each segment. Tax revenues are reported as part of General Government.

19. BUDGET AMOUNTS

The 2022 budget for the municipality were adopted by Council on June 21, 2022. They were not prepared on a basis consistent with Public Sector Accounting Standards that were used to report actual results. The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. These budget figures treated all tangible capital asset purchases as expenses, did not include amortization expense on tangible capital assets, treated repayment of the principal portion of the long-term debt as expenses and included transfers from/to reserves.

20. OTHER INFORMATION

The municipality has an amount receivable from a former employee that was deemed to be uncollectible and has been fully provided for as a bad debt. Given the uncollectibility of the amount receivable, the municipality purchased an irrevocable term life insurance policy on the former employee in the amount of \$500,000. Given that the ultimate collection on the policy is dependent on the continued payment of annual premiums and the uncertainty in timing of collection of the proceeds of the life insurance, no amount has been recorded as receivable.

21. RESTATEMENT OF PREVIOUSLY REPORTED CONSOLIDATED FINANCIAL STATEMENTS

The prior year's financial information has been restated to reflect a correction of amortization that was not properly calculated for some prior years. The 2021 comparative year's financial information has been restated as follows:

	December 31 2021		December 31 2021	
	As Previously Reported	Adjustment	As Restated	
Tangible capital assets	\$ 5,453,109	\$ (30,648)	\$ 5,422,461	
Accumulated surplus, beginning of year	\$ 5,776,953	\$ (30,648)	\$ 5,746,305	

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SEGMENTED INFORMATION

DECEMBER 31, 2022

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2022	2021
REVENUES									
Taxation	\$ 1,420,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,420,644	\$ 1,372,050
User charges	-	-	-	234,652	-	-	-	234,652	228,957
Government transfers	413,492	438,898	293,039	-	-	8,420	30,239	1,184,088	772,990
Other revenues	174,957	520	-	-	1,142	1,425	-	178,044	172,985
	<u>2,009,093</u>	<u>439,418</u>	<u>293,039</u>	<u>234,652</u>	<u>1,142</u>	<u>9,845</u>	<u>30,239</u>	<u>3,017,428</u>	<u>2,546,982</u>
EXPENSES									
Salaries and benefits	324,359	21,995	308,724	16,806	-	31,402	72,578	775,864	696,979
Materials	224,547	40,777	411,444	98,486	14,058	165,556	50,399	1,005,267	917,649
Contracted services	49,692	406,048	23,722	211,878	-	2,101	8,751	702,192	331,316
Interest on long- term debt	376	-	9,031	-	-	423	-	9,830	14,674
Rents and financial	-	-	-	-	-	-	-	-	-
External transfers	-	115,481	-	-	205,387	181	-	321,049	327,195
Amortization	31,647	40,280	83,167	268,796	1,825	44,726	-	470,441	469,192
Loss on disposal of TCAs	53,965	-	-	-	-	-	-	53,965	-
	<u>684,586</u>	<u>624,581</u>	<u>836,088</u>	<u>595,966</u>	<u>221,270</u>	<u>244,389</u>	<u>131,728</u>	<u>3,338,608</u>	<u>2,757,005</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SEGMENTED INFORMATION

DECEMBER 31, 2022

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2022	2021
REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	1,324,507	(185,163)	(543,049)	(361,314)	(220,128)	(234,544)	(101,489)	(321,180)	(210,023)
OTHER									
Government transfer for capital	357,749	13,000	-	-	-	246,946	-	617,695	64,753
ANNUAL SURPLUS (DEFICIT)	\$ 1,682,256	\$ (172,163)	\$ (543,049)	\$ (361,314)	\$ (220,128)	\$ 12,402	\$ (101,489)	\$ 296,515	\$ (145,270)

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF REVENUES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
TAXATION			
Municipal Taxation	\$ 1,427,169	\$ 1,426,981	\$ 1,371,947
Education Taxation	-	356,633	356,396
Municipal Supplementary Taxation	5,000	803	7,100
Municipal Write-offs	-	(7,140)	(6,997)
TOTAL LEVIED	1,432,169	1,777,277	1,728,446
LESS: LEVIED FOR SCHOOL BOARDS	-	(356,633)	(356,396)
	1,432,169	1,420,644	1,372,050
USER CHARGES	233,096	234,652	228,957
GOVERNMENT TRANSFERS - OPERATIONS			
Ontario Municipal Partnership Funds	360,200	360,200	366,500
Library	-	4,220	3,971
Employment projects	7,200	4,200	9,489
Community Transportation	169,312	127,895	145,429
Ontario Community Infrastructure Fund	100,000	110,198	-
OCLIF	-	-	5,000
Fednor	21,500	30,239	76,909
COVID-19	1,500	250	91,903
Modernization funding	52,250	53,042	40,078
NORDS	64,101	54,946	33,711
Investing in Canada	42,570	-	-
Indigenous Services Canada-evacuation	-	438,898	-
	818,633	1,184,088	772,990
OTHER REVENUES			
Penalty and interest on taxes	18,000	24,284	21,663
Licences, permits and fines	18,700	6,544	18,729
Interest on investment	4,500	18,130	5,937
Rentals	15,635	12,833	10,711
Sales and other	307,237	116,253	115,945
	364,072	178,044	172,985
TOTAL REVENUES	\$ 2,847,970	\$ 3,017,428	\$ 2,546,982

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF EXPENSES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
GENERAL GOVERNMENT SERVICES			
MEMBERS OF COUNCIL			
Salaries and benefits	\$ 36,720	\$ 36,625	\$ 35,882
Materials	31,879	23,224	19,881
	<u>68,599</u>	<u>59,849</u>	<u>55,763</u>
GENERAL ADMINISTRATION			
Salaries and benefits	259,150	287,734	232,092
Materials	208,041	187,872	177,377
Contracted services	47,418	48,632	41,876
Interest on long-term debt	27,734	376	1,386
	<u>542,343</u>	<u>524,614</u>	<u>452,731</u>
MUNICIPAL BUILDING			
Materials	8,944	13,451	37,508
Contracted services	1,200	1,060	3,600
	<u>10,144</u>	<u>14,511</u>	<u>41,108</u>
AMORTIZATION	-	31,647	31,289
LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	53,965	-
	<u>-</u>	<u>85,612</u>	<u>31,289</u>
	<u>\$ 621,086</u>	<u>\$ 684,586</u>	<u>\$ 580,891</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF EXPENSES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
PROTECTION SERVICES			
FIRE			
Salaries and benefits	\$ 27,625	\$ 21,995	\$ 27,406
Materials	57,168	40,500	81,793
Contracted services	9,225	8,971	8,971
	<u>94,018</u>	<u>71,466</u>	<u>118,170</u>
POLICING			
External transfers	<u>116,434</u>	<u>115,481</u>	<u>124,383</u>
PROTECTIVE INSPECTION AND CONTROL			
Materials	500	277	-
Contracted services	1,250	459	-
	<u>1,750</u>	<u>736</u>	<u>-</u>
EMERGENCY MEASURES			
Contracted services	<u>-</u>	<u>396,618</u>	<u>-</u>
AMORTIZATION			
	<u>-</u>	<u>40,280</u>	<u>38,967</u>
	<u>\$ 212,202</u>	<u>\$ 624,581</u>	<u>\$ 281,520</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF EXPENSES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
TRANSPORTATION SERVICES			
ROADWAYS			
Salaries and benefits	\$ 300,850	\$ 308,724	\$ 267,765
Materials	484,281	400,145	338,449
Contracted services	75,550	23,722	73,729
Interest on long-term debt	66,815	9,031	11,815
	<u>927,496</u>	<u>741,622</u>	<u>691,758</u>
STREET LIGHTING			
Materials	<u>11,740</u>	<u>11,299</u>	<u>10,405</u>
AMORTIZATION			
	<u>-</u>	<u>83,167</u>	<u>99,350</u>
	<u>\$ 939,236</u>	<u>\$ 836,088</u>	<u>\$ 801,513</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF EXPENSES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
ENVIRONMENTAL SERVICES			
SANITARY SEWER SYSTEM			
Materials	\$ 52,500	\$ 5,669	\$ 25,925
Contracted services	27,839	27,839	25,438
	<u>80,339</u>	<u>33,508</u>	<u>51,363</u>
WATERWORKS SYSTEM			
Materials	54,940	73,363	60,471
Contracted services	122,316	127,728	111,797
	<u>177,256</u>	<u>201,091</u>	<u>172,268</u>
WASTE COLLECTION			
Salaries and benefits	15,000	16,806	-
Materials	11,310	19,454	11,161
Contracted services	59,222	56,311	56,263
	<u>85,532</u>	<u>92,571</u>	<u>67,424</u>
AMORTIZATION	<u>-</u>	<u>268,796</u>	<u>270,595</u>
	<u>\$ 343,127</u>	<u>\$ 595,966</u>	<u>\$ 561,650</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF EXPENSES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
HEALTH, SOCIAL AND FAMILY SERVICES			
HEALTH SERVICES			
PUBLIC HEALTH SERVICES			
External transfers	\$ 29,505	\$ 29,508	\$ 26,820
AMBULANCE SERVICES			
External transfers	-	49,728	51,517
CEMETERIES			
Materials	29,090	10,861	3,307
Amortization	-	1,825	1,554
	<u>29,090</u>	<u>12,686</u>	<u>4,861</u>
HOSPITAL			
External transfers	<u>25,135</u>	<u>3,205</u>	<u>4,018</u>
OTHER			
Materials	<u>3,500</u>	<u>3,197</u>	<u>2,700</u>
SOCIAL AND FAMILY SERVICES			
GENERAL ASSISTANCE			
External transfers	<u>146,125</u>	<u>93,994</u>	<u>91,018</u>
ASSISTANCE TO AGED PERSONS			
External transfers	<u>29,440</u>	<u>28,952</u>	<u>29,440</u>
	<u>\$ 262,795</u>	<u>\$ 221,270</u>	<u>\$ 210,374</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF EXPENSES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
RECREATION AND CULTURAL SERVICES			
RECREATION PROGRAMS			
Salaries and benefits	\$ 11,807	\$ 8,484	\$ 10,704
Materials	671,827	149,781	104,729
Contracted services	1,104	2,101	3,642
Interest on long-term debt	19,343	423	1,473
Amortization	-	42,930	25,743
	<u>704,081</u>	<u>203,719</u>	<u>146,291</u>
LIBRARY			
Salaries and benefits	43,500	22,918	29,051
Materials	82,536	15,775	24,358
Contracted Services	935	-	-
External transfers	7,500	181	-
Amortization	-	1,796	1,695
	<u>134,471</u>	<u>40,670</u>	<u>55,104</u>
	<u>\$ 838,552</u>	<u>\$ 244,389</u>	<u>\$ 201,395</u>

THE CORPORATION OF THE TOWNSHIP OF VAL RITA - HARTY

SCHEDULE OF EXPENSES

DECEMBER 31, 2022

	Budget (Note 19)	2022 Actual	2021 Actual
PLANNING AND DEVELOPMENT SERVICES			
PLANNING AND ZONING			
Materials	\$ 65,020	\$ 45,165	\$ 17,199
Contracted services	-	8,751	6,000
	<u>65,020</u>	<u>53,916</u>	<u>23,199</u>
COMMERCIAL AND INDUSTRIAL DEVELOPMENT			
Salaries and benefits	88,200	72,578	94,078
Materials	-	5,234	2,385
	<u>88,200</u>	<u>77,812</u>	<u>96,463</u>
	<u>\$ 153,220</u>	<u>\$ 131,728</u>	<u>\$ 119,662</u>