

**The Corporation of the Town of Parry Sound  
Administration of the Provincial Offences Act  
Financial Statements  
For the year ended December 31, 2021**

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Parry Sound

### Opinion

We have audited the financial statements of The Corporation of the Town of Parry Sound - Administration of the Provincial Offences Act (the "Entity"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations and accumulated deficit, the statement of changes in net debt and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its change in net debt 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 Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 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 Entity'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 Entity'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 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 Entity 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.

*BDO Canada LLP*

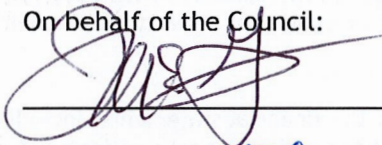
Chartered Professional Accountants, Licensed Public Accountants

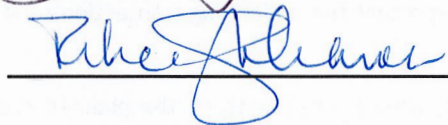
September 7, 2022  
Barrie, Ontario

**The Corporation of the Town of Parry Sound  
Administration of the Provincial Offences Act  
Statement of Financial Position**

| December 31                      | 2021            | 2020            |
|----------------------------------|-----------------|-----------------|
| <b>Financial assets</b>          |                 |                 |
| Cash                             | \$ 400          | \$ 400          |
| <b>Liabilities</b>               |                 |                 |
| Due to Town of Parry Sound       | 31,866          | 15,634          |
| <b>Net debt</b>                  | <b>(31,466)</b> | <b>(15,234)</b> |
| <b>Non-financial assets</b>      |                 |                 |
| Prepaid expenses                 | 31,466          | 14,693          |
| Tangible capital assets (Note 2) | -               | 541             |
|                                  | <b>31,466</b>   | <b>15,234</b>   |
| <b>Accumulated deficit</b>       | <b>\$ -</b>     | <b>\$ -</b>     |

On behalf of the Council:

  
\_\_\_\_\_, Mayor

  
\_\_\_\_\_, Clerk of Council

**The Corporation of the Town of Parry Sound  
Administration of the Provincial Offences Act  
Statement of Operations and Accumulated Deficit**

| <b>For the year ended December 31</b>               | 2021<br>Budget | 2021<br>Actual | 2020<br>Actual |
|---|----------------|----------------|----------------|
| <b>Revenues</b>                                     |                |                |                |
| Fines   | \$ 785,761     | \$ 835,442     | \$ 670,806     |
| Transcripts   | 2,500          | 20             | 339            |
|   | <u>788,261</u> | <u>835,462</u> | <u>671,145</u> |
| <b>Expenses</b>                                     |                |                |                |
| Amortization (Note 2)                               | 1,082          | 541            | 1,082          |
| Bank charges  | 9,000          | 13,842         | 10,282         |
| Collection costs                                    | 15,000         | 21,321         | 13,373         |
| Computer support                                    | 6,585          | 6,585          | 4,308          |
| Justice of the Peace - Provincial Crown             | 60,000         | 27,767         | 21,500         |
| Memberships, conferences and training               | 4,900          | 293            | 383            |
| Office supplies, equipment and other                | 40,300         | 30,460         | 12,860         |
| POA Prosecutor and interpreter costs                | 80,000         | 38,412         | 24,054         |
| Professional fees                                   | 3,200          | 4,000          | 4,369          |
| Provincial service charges, notices and forms       | 5,700          | 6,097          | 5,628          |
| Rent  | 5,800          | -              | 17,269         |
| Salaries and employee benefits                      | 258,546        | 267,715        | 247,514        |
| Telecommunications                                  | 1,900          | 1,680          | 1,675          |
| Town administration fees                            | 55,000         | 55,000         | 50,000         |
| Travel costs for witnesses and court monitor        | 500            | 109            | 1,107          |
|   | <u>547,513</u> | <u>473,822</u> | <u>415,404</u> |
| <b>Annual surplus before partners share</b>         | <b>240,748</b> | <b>361,640</b> | <b>255,741</b> |
| <b>Participating partners share of net revenues</b> | <b>240,748</b> | <b>361,640</b> | <b>255,741</b> |
| <b>Annual deficit</b>                               | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Accumulated deficit, beginning of the year</b>   | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Accumulated deficit, end of the year</b>         | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ -</b>    |

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

**The Corporation of the Town of Parry Sound  
Administration of the Provincial Offences Act  
Statement of Changes in Net Debt**

| <b>For the year ended December 31</b>                   | 2021<br>Budget | 2021<br>Actual | 2020<br>Actual |
|---|----------------|----------------|----------------|
| <b>Amortization of tangible capital assets (Note 2)</b> | \$ 1,082       | \$ 541         | \$ 1,082       |
| Recognition (acquisition) of prepaid expenses           | -              | (16,773)       | 9,076          |
| <b>Change in net debt</b>                               | 1,082          | (16,232)       | 10,158         |
| <b>Net debt, beginning of year</b>                      | (15,234)       | (15,234)       | (25,392)       |
| <b>Net debt, end of year</b>                            | \$ (14,152)    | \$ (31,466)    | \$ (15,234)    |

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

**The Corporation of the Town of Parry Sound  
Administration of the Provincial Offences Act  
Statement of Cash Flows**

| <b>For the year ended December 31</b>            | <b>2021</b>     | <b>2020</b>     |
|--|-----------------|-----------------|
| <b>Cash provided by</b>                          |                 |                 |
| <b>Operating transactions</b>                    |                 |                 |
| Amortization of tangible capital assets (Note 2) | <u>\$ 541</u>   | <u>\$ 1,082</u> |
|  |                 |                 |
| Changes in non-cash working capital balances     |                 |                 |
| Due to Town of Parry Sound                       | 16,232          | (9,758)         |
| Prepaid's  | <u>(16,773)</u> | <u>9,076</u>    |
| <b>Increase in cash during the year</b>          | -               | 400             |
| <b>Cash, beginning of year</b>                   | <u>400</u>      | -               |
| <b>Cash, end of year</b>                         | <u>\$ 400</u>   | <u>\$ 400</u>   |

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

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# The Corporation of the Town of Parry Sound Administration of the Provincial Offences Act Notes to Financial Statements

December 31, 2021

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## 1. Summary of Significant Accounting Policies

### Nature and Purpose of the Organization

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

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

The administration of the Provincial Offences Act is consolidated in the financial statements of the Corporation of the Town of Parry Sound and is also disclosed in this separate detailed financial statement issued by the Town.

### Management Responsibility

The financial statements are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

### Tangible Capital Assets

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

|                                   |          |
|-----------------------------------|----------|
| Courtroom furniture and equipment | 10 years |
| Specialty software                | 10 years |
| Information technology systems    | 5 years  |

Annual amortization is charged in the year of acquisition and in the year of disposal on a pro-rated basis determined by the number of months in use.



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# The Corporation of the Town of Parry Sound Administration of the Provincial Offences Act Notes to Financial Statements

December 31, 2021

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

### Revenue Recognition

Revenues are recognized as follows:

- a. Fine revenue is recognized in the period to which the cash has been received as ultimately collection cannot be reasonably be assured until payments received.
- b. Interest and other income is recognized in the period it is earned.

### Pension Plan

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

### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, fine receivables and the allowance for doubtful accounts. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

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**The Corporation of the Town of Parry Sound  
Administration of the Provincial Offences Act  
Notes to Financial Statements**

**December 31, 2021**

**2. Tangible Capital Assets**

|  | IT Systems | Computer<br>Software | Office<br>Furniture and<br>Equipment | Total 2021 |
|--|------------|----------------------|--------------------------------------|------------|
| Cost   | \$ 5,340   | \$ 9,325             | \$ 19,768                            | \$ 34,433  |
| Accumulated amortization,<br>beginning of year | 5,340      | 9,325                | 19,227                               | 33,892     |
| Amortization                                   | -          | -                    | 541                                  | 541        |
| Accumulated amortization,<br>end of year       | 5,340      | 9,325                | 19,768                               | 34,433     |
| Net carrying amount, end of year               | \$ -       | \$ -                 | \$ -                                 | -          |

|  | IT Systems | Computer<br>Software | Office<br>Furniture and<br>Equipment | Total 2020 |
|--|------------|----------------------|--------------------------------------|------------|
| Cost   | \$ 5,340   | \$ 9,325             | \$ 19,768                            | \$ 34,433  |
| Accumulated amortization,<br>beginning of year | 5,340      | 9,325                | 18,145                               | 32,810     |
| Amortization                                   | -          | -                    | 1,082                                | 1,082      |
| Accumulated amortization,<br>end of year       | 5,340      | 9,325                | 19,227                               | 33,892     |
| Net carrying amount, end of year               | \$ -       | \$ -                 | \$ 541                               | \$ 541     |

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# The Corporation of the Town of Parry Sound Administration of the Provincial Offences Act Notes to Financial Statements

December 31, 2021

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### 3. Pension Plan

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of 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. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services almost half a million 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Town to OMERS for 2021 were \$19,741 (2020 - \$19,139).

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### 4. Segmented Reporting

The Canadian Institute of Chartered Accountants Public Sector Accounting Handbook Section PS 2700, Segmented Disclosures, establishes standards on defining and disclosing segments in a government's financial statements. Governments that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant disclosures. Due to the nature of the organization segmented reporting has not been disclosed.

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