



Consolidated Financial Statements

Corporation of the Municipality of Dysart et al.

December 31, 2023

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Independent Auditor's Report

Grant Thornton LLP

Suite 400
85 Bayfield Street
Barrie, ON
L4M 3A7

T +1 705 728 3397
F +1 705 728 2728
www.GrantThornton.ca

To the Members of Council of the
Corporation of the Municipality of Dysart et al.

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Dysart et al. (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net debt and 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 consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and its results of operations 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report (continued)

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 Municipality'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 Municipality'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 Municipality 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 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 Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Barrie, Canada
June 25, 2024

Chartered Professional Accountants
Licensed Public Accountants

Corporation of the Municipality of Dysart et al.

Consolidated Statement of Financial Position

December 31

2023

2022

Financial assets

Cash and cash equivalents (Note 8)	\$ 8,905,631	\$ 9,837,050
Restricted cash and cash equivalents (Note 7)	477,318	512,794
Accounts receivables (Note 9)	778,658	773,715
Taxes receivable	<u>1,556,812</u>	<u>1,163,048</u>
	<u>11,718,419</u>	<u>12,286,607</u>

Liabilities

Accounts payable	3,479,120	2,373,152
Deferred revenue (Note 10)	1,412,302	1,551,275
Asset retirement obligation (Note 11)	6,990,293	6,096,371
Employee future benefits (Note 12)	397,284	427,158
Municipal debt (Note 13)	1,730,171	2,190,351
Capital lease obligations (Note 14)	<u>-</u>	<u>62,749</u>
	<u>14,009,170</u>	<u>12,701,056</u>

Net debt

	<u>(2,290,751)</u>	<u>(414,449)</u>
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Non-financial assets

Tangible capital assets (Note 18)	39,475,130	34,995,411
Inventories of supplies	30,184	22,415
Prepaid expenses	<u>20,254</u>	<u>35,595</u>
	<u>39,525,568</u>	<u>35,053,421</u>

Accumulated surplus (Note 15)

	<u>\$ 37,234,817</u>	<u>\$ 34,638,972</u>
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Contingent liabilities and commitments (Note 16)

Approved on behalf of Council

Mayor, _____

Treasurer, _____

Corporation of the Municipality of Dysart et al.

Consolidated Statement of Operations

Year ended December 31	2023 Budget (Note 17)	2023 Actual	2022 Actual
Revenues			
Taxation, levied for own purposes (Note 6)	\$ 11,321,471	\$ 11,524,388	\$ 10,976,432
User charges, licenses and fines	3,663,250	3,941,985	3,913,194
Government grants	3,308,916	3,446,292	3,105,117
Investment income	125,865	598,643	209,363
Penalties and interest on taxes	222,500	225,291	207,366
Donations and other	71,820	106,853	40,621
Gain on disposition of tangible capital assets	-	496,909	1,071,495
	18,713,822	20,340,361	19,523,588
Expenses			
General government	1,688,479	1,723,949	1,587,679
Protection to persons and property	3,697,622	3,562,578	3,490,503
Transportation services	7,717,107	5,249,407	5,151,186
Environmental services	3,910,783	3,823,192	5,683,801
Health services	247,558	242,853	204,093
Recreational and cultural services	2,491,053	2,416,600	2,220,597
Planning and development	689,844	725,937	568,928
	20,442,446	17,744,516	18,906,787
Annual (deficit) surplus	(1,728,624)	2,595,845	616,801
Accumulated surplus, beginning of year	34,638,972	34,638,972	34,022,171
 Accumulated surplus, end of year	\$ 32,910,348	\$ 37,234,817	\$ 34,638,972

Corporation of the Municipality of Dysart et al. Consolidated Statement of Change in Net Debt

Year ended December 31	2023 Budget (Note 17)	2023 Actual	2022 Actual
Annual (loss) surplus	\$ (1,728,624)	\$ 2,595,845	\$ 616,801
Acquisition of tangible capital assets	(3,338,800)	(6,635,521)	(2,759,408)
Amortization of tangible capital assets	1,334,939	3,154,117	2,899,270
Gain on disposition of tangible assets	-	(496,909)	(1,071,495)
Proceeds from sale of tangible capital assets	-	578,332	1,413,208
Addition to tangible capital assets relating to asset retirement obligation	-	(1,079,738)	-
	<u>(2,003,861)</u>	<u>(4,479,719)</u>	<u>481,575</u>
Acquisition of inventories of supplies	-	(30,184)	(22,415)
Use/consumption of inventories of supplies	-	22,415	24,904
Acquisition of prepaid expenses	-	(20,254)	(35,595)
Use/consumption of prepaid expenses	-	35,595	10,076
	<u>-</u>	<u>7,572</u>	<u>(23,030)</u>
Net change in net debt	(3,732,485)	(1,876,302)	1,075,346
Net debt, beginning of year	(414,449)	(414,449)	(1,489,795)
Net debt, end of year	\$ (4,146,934)	\$ (2,290,751)	\$ (414,449)

Corporation of the Municipality of Dysart et al.

Consolidated Statement of Cash Flows

Year ended December 31

2023

2022

Cash flows from operating activities

Annual surplus	\$ 2,595,845	\$ 616,801
Items not affecting cash		
Amortization	3,154,117	2,899,270
Accretion of asset retirement obligation	121,343	-
Gain on disposition of tangible capital assets	(496,909)	(1,071,495)
(Decrease) increase in asset retirement obligation	(307,159)	1,663,671
(Decrease) increase in employee future benefits	(29,874)	35,199
	<u>5,037,363</u>	<u>4,143,446</u>
Change in non-operating working capital items		
Accounts receivable	(4,944)	(200,091)
Taxes receivable	(393,764)	182,031
Accounts payable and accrued liabilities	1,105,971	130,145
Deferred revenue	(138,973)	(190,906)
Inventories of supplies	(7,769)	2,489
Prepaid expenses	15,341	(25,519)
	<u>5,613,225</u>	<u>4,041,595</u>

Cash flows from investing activities

Acquisition of tangible capital assets	(5,185,521)	(2,759,408)
Increase in restricted cash and cash equivalents	35,476	18,789
Proceeds from sale of tangible capital assets	578,332	1,413,208
	<u>(4,571,713)</u>	<u>(1,327,411)</u>

Cash flows from financing activities

Debt principal repayments	(1,910,182)	(518,984)
Capital lease repayments	(62,749)	(142,660)
	<u>(1,972,931)</u>	<u>(661,644)</u>

Net change in cash and cash equivalents

	(931,419)	2,052,540
Cash and cash equivalents		
Beginning of year	<u>9,837,050</u>	<u>7,784,510</u>
End of year (Note 6)	<u>\$ 8,905,631</u>	<u>\$ 9,837,050</u>

Non-cash transaction

Tangible capital asset acquired through assumption of debt	\$ (1,450,000)	\$ -
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Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

1. Nature of entity

The Corporation of the Municipality of Dysart et al. (the "Municipality") is a lower tier municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

2. Significant accounting policies

The consolidated financial statements of the Municipality are the responsibility of management and are prepared in accordance with Public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Municipality (the parent) and the following local boards and organizations which are under the control of the Municipality:

Harcourt Community Centre Board
West Guilford Community Centre Board
Haliburton Business Improvement Area Board
2712707 Ontario Inc.

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

Trust funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements, but are disclosed separately in Note 5.

Accounting for County and School Board transactions

The taxation and other revenues, expenses, assets and liabilities with respect to the operations of the county and school boards are not reflected in these consolidated financial statements, but are disclosed separately in Note 6.

Accrual accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available 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.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

2. Significant accounting policies, continued

Use of estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates, assumptions and approximations. Included in these consolidated financial statements are estimates for post-employment benefits, asset retirement obligation, tangible capital assets and taxation accruals.

Management uses estimates based on assumptions and calculations contained in actuarial reports, modified as necessary for the passage of time. Actual results can differ from the estimates due to uncertainty. The actuarial reports and calculations are reviewed and updated periodically at which time estimates can be adjusted.

Management uses estimates based on assumptions and calculations contained in consultant reports, modified as necessary for the passage of time to determine the asset retirement obligation. Actual results can differ from the estimates due to uncertainty. The consultant reports and calculations are reviewed and updated periodically at which time estimates can be adjusted.

Management has made estimates related to tangible capital assets both in determining fair market value of contributed assets and in the amortization rates as set out in these policies.

Management has made estimates related to taxation revenue in determining the balance to accrue relating to supplementary billings and write offs which will be determined in future years.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any bank overdrafts. Composition of the balance and restricted amounts are disclosed in Notes 7 and 8.

Employee future benefits

The Municipality provides post-employment benefits to certain employee groups. These benefits include life insurance and health and dental. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life ('EARSL') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value.

The Municipality is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Municipality insures all claims by its injured workers under the Act.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

2. Significant accounting policies, continued

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related 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 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 production or use as follows:

Land improvements	15 years
Buildings	40 years
Equipment	10-20 years
Vehicles	10-20 years
Roads	8-40 years
Sewer	40-80 years
Bridges and culverts	15-40 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

The Municipality's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

Leased tangible capital assets

Leases are classified as capital or operating leases. Leases that transfer substantially the entire benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenditures as incurred.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

2. Significant accounting policies, continued

Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is measured at the Municipality's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

Reserve and reserve funds

The Municipality follows the practice of allocating surpluses into reserves and reserve funds that are retained for general and specific purposes. These reserve and reserve funds make up a portion of the accumulated surplus as disclosed in Note 15 of these consolidated financial statements.

These reserves and reserve funds are established by Council resolution or by-law and are available for future operating and capital purposes. Amounts are only expended in accordance with the terms and policies established by Council. Expenses in respect of operating items for which reserves and reserve funds have been created are reported on the consolidated statement of operations.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

2. Significant accounting policies, continued

Revenue recognition

Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows:

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Interest and penalties on taxes are recorded in the period the interest and penalties are levied.

User charges, licenses, fines, and donations are recognized when collected.

Developer contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.

Except as noted in the government transfers policy below, conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

Investment income is reported as revenue in the fiscal year earned. Investment income earned on development charges, parking charges, federal and provincial gas tax reserve funds, and parkland obligatory reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance.

Government transfers

Government transfers are recognized as revenue in the consolidated financial statements 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.

Under PSAS accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the consolidated statement of operations.

Pension agreement

The Municipality 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 the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

2. Significant accounting policies, continued

Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

3. Change in accounting policies

The Municipality adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a statement of remeasurement gains or losses.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses. In accordance with PS 2601 *Foreign Currency Translation*, the Municipality has made the irrevocable election to directly recognize foreign exchange gains/losses in the statement of operations.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

3. Change in accounting policies, continued

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Effective January 1, 2023, the Municipality adopted new Public Sector Accounting Standard Section PS 3280 *Asset Retirement Obligations* on a prospective basis, with no prior period restatement. PS 3280 establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

In the past, the Municipality has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

3. Change in accounting policies, continued

A significant part of asset retirement obligations results from the restoration of various landfills to the state required by the Ministry of Environment. The Municipality reports liabilities related to the legal obligations where the Municipality is obligated to incur costs to retire a tangible capital asset.

The measurement of asset retirement obligations is impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in revisions to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense

Under the prospective application method, all asset retirement obligations incurred before and after the transition date have been recognized/adjusted in accordance with the standard. For those tangible capital assets in productive use, there was a related increase in the carrying amount of the related tangible capital asset by the same amount; for those tangible capital assets no longer in productive use, an expense was recognized for the same amount as the liability.

As a result of the adoption of this new accounting policy, the following amounts were recognized in the financial statements as at January 1, 2023:

	As at January 1, 2023
Increase in carrying amount of tangible capital assets (Note 18)	\$ 1,079,738
Increase in asset retirement obligation (Note 11)	772,579
Decrease in Environmental services expense	(307,159)

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

4. Financial instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost.

Fair value: The Municipality manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus and related balances reversed from the statement of remeasurement gains and losses.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

The following table provides the carrying amount information of the Municipality's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

	2023 Amortized cost/cost	2023 Fair value	2022 Amortized cost/cost	2022 Fair value
Cash and cash equivalents	\$ 8,905,631	\$ -	\$ 9,837,050	\$ -
Restricted cash and cash equivalents	477,318	-	512,794	-
Accounts receivable	778,658	-	773,715	-
Accounts payable	3,479,120	-	2,373,152	-
Municipal debt	1,730,171	-	2,190,351	-
Employee future benefits	-	397,284	-	427,158
	<u>\$ 15,370,898</u>	<u>\$ 397,284</u>	<u>\$ 15,687,062</u>	<u>\$ 427,158</u>

Credit risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to discharge their obligation (e.g. pay the accounts receivable owing to the Municipality). The Municipality is exposed to this risk arising from its cash and cash equivalents, restricted cash and cash equivalents and accounts receivable. The Municipality holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. For accounts receivable, the Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Municipality's historical experience regarding collections.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

4. Financial instruments, continued

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet all cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities.

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable	\$ 3,479,120	\$ -	\$ -	\$ -	\$ 3,479,120
Employee future benefits	<u>49,047</u>	<u>49,047</u>	<u>147,142</u>	<u>152,048</u>	<u>397,284</u>
	<u>\$ 3,528,167</u>	<u>\$ 49,047</u>	<u>\$ 147,142</u>	<u>\$ 152,048</u>	<u>\$ 3,876,404</u>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure that risk.

Interest rate risk

Interest rate risk is the risk that its fixed income investments decline in value in response to an increase in interest rates. The investment strategy at the Municipality is based on the Municipality's Investment policy which operates within the constraints of the investment guidelines laid out in the Municipal Act, 2001. The purchases are made through varying lengths of maturities to balance investment term exposures, to mitigate the effects of interest rate volatility, as investments mature at face value. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure that risk. The Municipality is also exposed to interest rate risk on its long-term debts which are regularly monitored

5. Trust funds

	<u>2023</u>	<u>2022</u>
Cemetery perpetual care funds	<u>\$ 169,190</u>	<u>\$ 164,585</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

6. Taxation raised on behalf of others

The following amounts raised on behalf of others are not included in these financial statements

	<u>2023</u>	<u>2022</u>
School boards	\$ 6,095,290	\$ 5,954,450
County of Haliburton	<u>8,530,417</u>	<u>8,106,327</u>
	<u>\$ 14,625,707</u>	<u>\$ 14,060,777</u>

7. Restricted cash and cash equivalents

	<u>2023</u>	<u>2022</u>
Restricted cash	\$ 274,777	\$ 320,363
Restricted Money Market and Bond Funds	<u>202,541</u>	<u>192,431</u>
	<u>\$ 477,318</u>	<u>\$ 512,794</u>
Consist of:		
Obligatory funds in deferred revenue (Note 10)	<u>\$ 1,126,835</u>	<u>\$ 1,181,629</u>

Currently the reserve is under funded by \$649,517 (2022 - \$668,835). The amount will be recovered in future years.

8. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
Unrestricted		
Unrestricted cash	\$ 2,980,955	\$ 1,486,084
Unrestricted GIC	<u>1,506,683</u>	<u>4,506,422</u>
Designated		
Designated cash	<u>3,353,266</u>	<u>2,832,967</u>
Designated Money Market and Bond Funds	<u>1,064,727</u>	<u>1,011,577</u>
	<u>\$ 8,905,631</u>	<u>\$ 9,837,050</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

9. Accounts receivable

	<u>2023</u>	<u>2022</u>
Canada	\$ 502,573	\$ 418,089
Ontario	74,673	191,187
Other	<u>201,412</u>	<u>164,439</u>
	<u>\$ 778,658</u>	<u>\$ 773,715</u>

10. Deferred revenue

	<u>2023</u>	<u>2022</u>
Obligatory reserve funds		
Building department	\$ 598,225	\$ 426,495
Federal and provincial gas tax	177,775	425,271
Parking revenues (Municipal Act)	68,452	65,431
Parkland (Planning Act)	<u>282,383</u>	<u>264,432</u>
	<u>1,126,835</u>	<u>1,181,629</u>
Other deferred revenue	<u>285,467</u>	<u>369,646</u>
	<u>\$ 1,412,302</u>	<u>\$ 1,551,275</u>

The net change during the year in the restricted deferred revenue balances is made up as follows:

	<u>Building department</u>	<u>Gas tax</u>	<u>Parking</u>	<u>Parkland</u>	<u>Total</u>
Opening obligatory funds	\$ 426,495	\$ 425,271	\$ 65,431	\$ 264,432	\$ 1,181,629
Restricted funds received	181,000	231,449	-	4,200	416,649
Interest earned	20,729	22,055	3,021	13,752	59,557
Revenue recognized	-	(501,000)	-	-	(501,000)
Capital Purchases	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
	<u>\$ 598,224</u>	<u>\$ 177,775</u>	<u>\$ 68,452</u>	<u>\$ 282,384</u>	<u>\$ 1,126,835</u>

Gas tax revenue is provided by the Government of Canada. The use of the funds is established by the funding agreement signed between the Municipality and the Association of Municipalities of Ontario. Gas tax funds may be used towards designated projects as specified in the funding agreements.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

11. Asset retirement obligation

The Municipality has recognized an asset retirement obligation for the remediation costs to restore various landfills to the state required by the Ministry of Environment.

A reconciliation of the aggregate carrying amount of the asset retirement obligation is as follows:

	<u>2023</u>
Balance as at January 1, 2023	\$ 6,868,950
Accretion expense	<u>121,343</u>
Balance as at December 31, 2023	<u>\$ 6,990,293</u>

The liability is estimated using a present value technique that discounts the expected future expenditures. The Municipality is using the prospective method to calculate the asset retirement obligation and used a 2.30% discount rate to reach the asset retirement obligation of \$6,868,950 as of January 1, 2023, and \$6,990,293 as of December 31, 2023. The discount rate used was based on the Municipality's borrowing rate in 2023.

12. Employee future benefits

a. Pension agreement

Ontario Municipal Employee Retirement System (OMERS) provides pension services to 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made to OMERS for 2023 were \$411,156 (2022 - \$324,051).

b. Post employment benefits

Under the provisions of certain employee benefit plans, an employee who has achieved the 90 factor as determined by OMERS, is eligible for a retirement pension from OMERS, and is under the age of 65 will be provided with Extended Health (drug, semi-private hospital and dental plan) coverage. All coverage ceases at age 65. The plan requires no contribution from employees. Total benefit payments to retirees during the year were \$49,000 (2022 - \$14,000).

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The last full actuarial valuation was completed as at December 31, 2022. The accrued benefit obligation of \$397,284 shown for December 31, 2023 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net gain of \$138,284 which will be recognized over the estimated average remaining service life of the employee group.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

12. Employee future benefits, continued

The post-employment benefit liability at December 31, 2023 includes the following components:

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation	\$ 259,000	\$ 273,509
Unamortized actuarial gains	<u>138,284</u>	<u>153,649</u>
	<u>\$ 397,284</u>	<u>\$ 427,158</u>

The actuarial valuation and extrapolation were based on a number of assumptions about future events, such as wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Municipality's best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

Expected inflation rate	2.5%
Discount rate	5%
Medical cost increases - first year	6.5%
- decreasing over 10 years to	4%
Expected rate of dental cost increase	4%
Estimated average remaining service life of the employee group	8.1 years

The post-employment benefit expense is reported as a component of current expenditures on the consolidated statement of operations. Composition of the amount is as follows:

	<u>2023</u>	<u>2022</u>
Current year benefit cost	\$ 21,503	\$ 42,932
Amortization of actuarial gains	(15,365)	(4,625)
Interest on post-employment benefit liability	<u>12,988</u>	<u>10,892</u>
	<u>\$ 19,126</u>	<u>\$ 49,199</u>

The change in the post-employment obligation is composed of the following amounts:

	<u>2023</u>	<u>2022</u>
Obligation at the start of the year	\$ 273,509	\$ 348,587
Current year benefit cost	21,503	42,932
Benefit payments	(49,000)	(14,000)
Interest on obligation	12,988	10,892
Change in obligation from revaluation	<u>-</u>	<u>(114,902)</u>
	<u>\$ 259,000</u>	<u>\$ 273,509</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

13. Municipal debt

	<u>2023</u>	<u>2022</u>
Term facility to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repayable in blended monthly payments of \$14,519 total with interest at 2.25%, due July 2025.	\$ 270,764	\$ 436,881
Term facility to be used for capital infrastructure projects and building construction/expansion and/or land improvements, repaid during the year.	-	1,688,845
Term facility to be used for purchase of roads equipment, repayable in blended monthly payments of \$4,726 total with interest at 3.78%, due February 2024.	9,407	64,625
Term facility to be used for the purchase of land, repayable upon maturity, with annual interest payments of \$72,500 at 5%, due June 2028.	1,450,000	-
Net municipal debt	<u>\$ 1,730,171</u>	<u>\$ 2,190,351</u>

a. Future payments requiring taxation and user charge financing are summarized as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ -	\$ -
2025	1,629,295	76,884	1,706,179
	<u>100,876</u>	<u>758</u>	<u>101,634</u>
Total payment	<u>\$ 1,730,171</u>	<u>\$ 77,642</u>	<u>\$ 1,807,813</u>

b. The long-term liabilities issued in the Municipality's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

c. Total gross payments for the year to service net municipal debt and capital lease obligations are as follows:

	<u>2023</u>	<u>2022</u>
Principal payments	\$ 1,972,931	\$ 661,644
Interest	14,214	99,548
Gross payments	<u>\$ 1,987,145</u>	<u>\$ 761,192</u>

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

13. Municipal debt, continued

Subsequent to year end, the Municipality repaid the full \$1,450,000 balance of the term facility set to mature in June 2028

Credit facility agreement

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1.5 million via an operating line. Any balance borrowed will bear interest at prime per year. Council authorized the temporary borrowing limit for 2022 in By-Law 2022-03, and there was no balance owing as at December 31, 2023 of \$NIL (2022 - \$NIL).

14. Capital lease obligations

	<u>2023</u>	<u>2022</u>
John Deere Financial lease for a motor grader, repaid during the year.	\$ -	\$ 42,849
Caterpillar Financial Services lease for an excavator, repaid during the year.	-	19,900
	<u>\$ -</u>	<u>\$ 62,749</u>

15. Accumulated surplus

	<u>2023</u>	<u>2022</u>
Surplus		
Unrestricted surplus	\$ 121,105	\$ 1,459,961
Community Centres surplus	98,203	82,920
Haliburton Business Improvement Area Board surplus	<u>7,120</u>	<u>6,840</u>
	226,428	1,549,721
Asset retirement obligation to be recovered in future (Note 11)	(6,990,293)	(6,096,371)
Employee benefits payable to be recovered in future (Note 12)	(397,284)	(427,158)
Municipal debt to be recovered in future (Note 13)	(1,730,171)	(2,190,351)
Capital lease obligations to be recovered in future (Note 14)	-	(62,749)
Invested in tangible capital assets (Note 18)	<u>39,475,130</u>	<u>34,995,411</u>
	30,583,810	27,768,503

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

15. Accumulated surplus, continued

	<u>2023</u>	<u>2022</u>
Reserves set aside for special purposes by Council		
Build Dysart	113,199	113,199
Computer Replacement	105,000	100,000
Development Fund	5,053,977	4,966,870
Election	15,075	-
Insurance Claims	25,000	25,000
Legal	78,000	68,000
Modernization	66,773	150,344
OCIF	-	155,668
Operating Project Capital Fund	130,900	76,996
Parking Meter	101,130	102,413
Tax Rate Stabilization	50,000	50,000
Wastewater Capital	445,220	187,412
Winter Maintenance	315,000	315,000
Working Funds	151,733	559,567
	<u>\$ 37,234,817</u>	<u>\$ 34,638,972</u>

16. Contingent liabilities and commitments

In the normal course of its operations, the Municipality is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the Municipality's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

Spending commitments

The Municipality has entered into a contract for the replacement of the Koshlong Lake Bridge. The unpaid portion of this contract amounted to \$136,031 at December 31, 2023 and is to be funded by the Development Reserve.

17. Budget amounts

The 2023 Budget adopted by Council on February 28, 2023 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the consolidated statements of operations and change in net debt represent the budget adopted by Council on February 28, 2023 with adjustments as follows:

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

17. Budget amounts, continued

	2023 budget adopted by Council	TCA expenditures from capital and amortization	2023 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 11,321,471	\$ -	\$ 11,321,471
User charges, licenses and fines	3,663,250	-	3,663,250
Grants	3,308,916	-	3,308,916
General government	420,185	-	420,185
	<u>18,713,822</u>	<u>-</u>	<u>18,713,822</u>
Expenditures			
General government	1,590,148	98,331	1,688,479
Protection to persons and property	3,609,443	88,179	3,697,622
Transportation services	5,549,995	2,167,112	7,717,107
Environmental services	3,659,198	251,585	3,910,783
Health services	159,301	88,257	247,558
Recreation and cultural services	2,120,954	370,099	2,491,053
Planning and development	689,844	-	689,844
	<u>17,378,883</u>	<u>3,063,563</u>	<u>20,442,446</u>
Annual surplus (deficit)	<u>\$ 1,334,939</u>	<u>\$ (3,063,563)</u>	<u>\$ (1,728,624)</u>
Capital expenditures	(3,338,800)	3,063,563	
Transfer from (to) reserve/reserve funds	<u>2,003,861</u>	<u>-</u>	
Budgeted use of prior year surplus	<u>\$ -</u>	<u>\$ -</u>	

Corporation of the Municipality of Dysart et al.
Notes to the Consolidated Financial Statements

Year ended December 31, 2023

18. Tangible capital assets

	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads	Sewer	Bridges & Culverts	Assets Under Construction	2023
Cost, beginning of year	\$ 4,925,941	\$ 3,344,240	\$ 16,708,170	\$ 7,077,263	\$ 6,268,209	\$ 33,762,708	\$ 7,591,571	\$ 5,781,091	\$ 460,558	\$ 85,919,751
Additions	1,786,417	582,647	280,772	626,854	627,785	2,358,746	-	201,754	170,546	6,635,521
Additions re adoption of PS3280	-	1,079,738	-	-	-	-	-	-	-	1,079,738
Disposals	(2)	(6,490)	-	(6,296)	(387,939)	(514,951)	-	-	(21,829)	(937,507)
Transfers	-	13,242	195,732	41,287	-	86,950	-	-	(337,211)	-
Cost, end of year	\$ 6,712,356	\$ 5,013,377	\$ 17,184,674	\$ 7,739,108	\$ 6,508,055	\$ 35,693,453	\$ 7,591,571	\$ 5,982,845	\$ 272,064	\$ 92,697,503
Accumulated Amortization, beginning of year	\$ -	\$ 1,885,138	\$ 7,418,892	\$ 5,181,170	\$ 3,075,794	\$ 25,802,646	\$ 4,470,530	\$ 3,090,170	\$ -	\$ 50,924,340
Amortization	-	317,825	423,449	238,158	556,956	1,450,623	73,182	93,924	-	3,154,117
Disposals	-	(3,310)	-	(5,194)	(332,629)	(514,951)	-	-	-	(856,084)
Accumulated Amortization, end of year	\$ -	\$ 2,199,653	\$ 7,842,341	\$ 5,414,134	\$ 3,300,121	\$ 26,738,318	\$ 4,543,712	\$ 3,184,094	\$ -	\$ 53,222,373
Net book value, beginning of year	\$ 4,925,941	\$ 1,459,102	\$ 9,289,278	\$ 1,896,093	\$ 3,192,415	\$ 7,960,062	\$ 3,121,041	\$ 2,690,921	\$ 460,558	\$ 34,995,411
Net book value, end of year	\$ 6,712,356	\$ 2,813,724	\$ 9,342,333	\$ 2,324,974	\$ 3,207,934	\$ 8,955,135	\$ 3,047,859	\$ 2,798,751	\$ 272,064	\$ 39,475,130

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

18. Tangible capital assets, continued

	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads	Sewer	Bridges & Culverts	Assets Under Construction	2022
Cost, beginning of year	\$ 4,937,293	\$ 3,370,132	\$ 16,641,754	\$ 6,725,490	\$ 6,439,525	\$ 33,196,933	\$ 7,591,571	\$ 5,781,091	\$ 159,174	\$ 84,842,963
Additions	-	-	118,656	322,891	502,402	1,421,011	-	-	394,448	2,759,408
Disposals	(11,352)	(25,892)	(52,240)	(38,705)	(697,312)	(855,236)	-	-	(1,883)	(1,682,620)
Transfers	-	-	-	67,587	23,594	-	-	-	(91,181)	-
Cost, end of year	\$ 4,925,941	\$ 3,344,240	\$ 16,708,170	\$ 7,077,263	\$ 6,268,209	\$ 33,762,708	\$ 7,591,571	\$ 5,781,091	\$ 460,558	\$ 85,919,751
Accumulated Amortization, beginning of year	\$ -	\$ 1,690,064	\$ 7,033,985	\$ 5,004,812	\$ 2,961,294	\$ 25,277,184	\$ 4,397,348	\$ 3,001,290	\$ -	\$ 49,365,977
Amortization	-	207,157	417,098	210,641	521,614	1,380,698	73,182	88,880	-	2,899,270
Disposals	-	(12,083)	(32,191)	(34,283)	(407,114)	(855,236)	-	-	-	(1,340,907)
Accumulated Amortization, end of year	\$ -	\$ 1,885,138	\$ 7,418,892	\$ 5,181,170	\$ 3,075,794	\$ 25,802,646	\$ 4,470,530	\$ 3,090,170	\$ -	\$ 50,924,340
Net book value, beginning of year	\$ 4,937,293	\$ 1,680,068	\$ 9,607,769	\$ 1,720,678	\$ 3,478,231	\$ 7,919,749	\$ 3,194,223	\$ 2,779,801	\$ 159,174	\$ 35,476,986
Net book value, end of year	\$ 4,925,941	\$ 1,459,102	\$ 9,289,278	\$ 1,896,093	\$ 3,192,415	\$ 7,960,062	\$ 3,121,041	\$ 2,690,921	\$ 460,558	\$ 34,995,411

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

18. Tangible capital assets, continued

Leased tangible capital assets included in equipment had a cost value of \$Nil (2022 - \$778,715) and accumulated amortization of \$Nil (2022 - \$366,358).

The Municipality holds various works of art and historical treasures pertaining to the heritage and history of the Corporation of the Municipality of Dysart et al. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

19. Segment information

The Corporation of the Municipality of Dysart et al. is a municipal government institution that provides a wide range of services to its citizens. Municipal services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is apportioned as a percentage of the segment's expenses versus total expenses, payments-in-lieu of taxes are allocated to general government.

The nature of the segments and the activities they encompass are as follows:

General Government

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

Protection to Persons and Property

Protection includes police, fire, and protective inspection and control.

Transportation Services

The transportation function includes construction and maintenance of the Municipality's roads and bridges, winter control, and street lighting.

Environmental Services

The environmental services function is responsible for providing sewer, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of cemeteries and the Medical Health Centre.

Corporation of the Municipality of Dysart et al.

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Year ended December 31, 2023

19. Segment information, continued

Recreational and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

19. Segment information, continued

For the year ended December 31	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreational and cultural services	Planning and Development	2023 Total
Revenue								
Taxation	\$ 1,073,795	\$ 2,219,018	\$ 3,269,691	\$ 2,853,231	\$ 151,266	\$ 1,505,224	\$ 452,163	\$ 11,524,388
User charges	87,060	918,283	183,520	2,082,972	158,334	333,963	177,853	3,941,985
Government grants	1,803,393	-	1,131,362	222,981	2,697	253,624	32,235	3,446,292
Investment income	466,032	-	-	-	-	132,611	-	598,643
Penalties and interest on taxes	225,291	-	-	-	-	-	-	225,291
Donations	-	-	-	-	-	106,853	-	106,853
Loss on disposition of assets	496,909	-	-	-	-	-	-	496,909
	<u>4,152,480</u>	<u>3,137,301</u>	<u>4,584,573</u>	<u>5,159,184</u>	<u>312,297</u>	<u>2,332,275</u>	<u>662,251</u>	<u>20,340,361</u>
Expenses								
Salaries and benefits	972,326	1,032,595	1,430,097	805,971	21,417	1,110,789	529,718	5,902,913
Materials, supplies and services	391,775	294,535	1,403,663	556,127	47,725	656,067	93,806	3,443,698
Contracted services	62,498	2,147,269	226,428	2,087,724	62,565	132,555	10,377	4,729,416
Rent and financial expenses	2,669	-	-	8,636	2,074	-	-	13,379
Interest charges	189,021	-	17,432	22,595	19,615	90,640	92,036	431,339
Amortization expense	98,331	88,179	2,167,112	342,139	88,257	370,099	-	3,154,117
Transfers to other entities	7,329	-	4,675	-	1,200	56,450	-	69,654
	<u>1,723,949</u>	<u>3,562,578</u>	<u>5,249,407</u>	<u>3,823,192</u>	<u>242,853</u>	<u>2,416,600</u>	<u>725,937</u>	<u>17,744,516</u>
Annual surplus/(deficit)	\$ 2,428,531	\$ (425,277)	\$ (664,834)	\$ 1,335,992	\$ 69,444	\$ (84,325)	\$ (63,686)	\$ 2,595,845

Corporation of the Municipality of Dysart et al.

Notes to the Consolidated Financial Statements

Year ended December 31, 2023

19. Segment information, continued

For the year ended December 31	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	2022 Total
Revenue								
Taxation	\$ 921,735	\$ 2,026,429	\$ 2,990,547	\$ 3,299,760	\$ 118,487	\$ 1,289,179	\$ 330,295	\$ 10,976,432
User charges	105,100	930,369	250,301	2,067,641	125,349	290,116	144,318	3,913,194
Government grants	5,122	1,889,200	676,726	203,505	100,000	230,564	-	3,105,117
Developer contributions	-	-	-	-	-	-	-	-
Investment income	203,453	-	-	-	-	5,910	-	209,363
Penalties and interest on taxes	207,366	-	-	-	-	-	-	207,366
Donations	-	-	-	-	-	40,621	-	40,621
Gain (loss) on disposition of assets	1,066,738	-	-	-	4,757	-	-	1,071,495
	<u>2,509,514</u>	<u>4,845,998</u>	<u>3,917,574</u>	<u>5,570,906</u>	<u>348,593</u>	<u>1,856,390</u>	<u>474,613</u>	<u>19,523,588</u>
Expenses								
Salaries and benefits	949,367	903,050	1,331,241	710,655	19,750	1,000,529	424,701	5,339,293
Materials, supplies and services	322,989	299,453	1,348,987	530,862	46,642	697,195	113,592	3,359,720
Contracted services	185,151	2,207,426	378,868	4,163,246	42,654	123,172	17,553	7,118,070
Rent and financial expenses	3,986	-	-	8,049	3,208	-	-	15,243
Interest charges	20,856	-	30,942	22,595	2,788	12,883	13,082	103,146
Amortization expense	95,020	80,574	2,057,063	248,394	87,851	330,368	-	2,899,270
Transfers to other entities	10,310	-	4,085	-	1,200	56,450	-	72,045
	<u>1,587,679</u>	<u>3,490,503</u>	<u>5,151,186</u>	<u>5,683,801</u>	<u>204,093</u>	<u>2,220,597</u>	<u>568,928</u>	<u>18,906,787</u>
Annual surplus/(deficit)	\$ 921,835	\$ 1,355,495	\$ (1,233,612)	\$ (112,895)	\$ 144,500	\$ (364,207)	\$ (94,315)	\$ 616,801



Financial Statements

Corporation of the Municipality of Dysart et al.

Trust Funds

December 31, 2023

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Independent Auditor's Report

To the Members of Council of the
Corporation of the Municipality of Dysart et al.

Opinion

We have audited the financial statements of the Corporation of the Municipality of Dysart et al. Trust Funds (the "Entity"), which comprise the statement of financial position as at December 31, 2023, the statement of operations 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 Corporation of the Municipality of Dysart et al. Trust Funds as at December 31, 2023, and its results of operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 accounting standards for not-for-profit organizations, 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 a 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.

Independent Auditor's Report (continued)

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.

Barrie, Canada
June 25, 2024

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

**Corporation of the Municipality of Dysart et al.
Trust Funds
Statement of Financial Position**

December 31	2023	2022
Assets		
Cash	\$ 172,925	\$ 161,663
Due from Municipality	<u>-</u>	<u>2,922</u>
Total assets	<u>\$ 172,925</u>	<u>\$ 164,585</u>
Liabilities		
Due to Municipality	\$ 3,735	\$ -
Net assets	<u>\$ 169,190</u>	<u>\$ 164,585</u>
	<u>\$ 172,925</u>	<u>\$ 164,585</u>

On behalf of the Board:

_____ Treasurer

Corporation of the Municipality of Dysart et al.
Trust Funds
Statement of Operations

Year ended December 31	2023	2022
Net assets, beginning of the year	<u>\$ 164,585</u>	<u>\$ 158,620</u>
Revenues		
Interest earned	8,340	3,043
Plot and monument sales	<u>4,605</u>	<u>5,965</u>
Revenues in excess of expenses	12,945	9,008
Transfer to Municipality (Note 3)	<u>(8,340)</u>	<u>(3,043)</u>
Net assets, end of year	<u>\$ 169,190</u>	<u>\$ 164,585</u>

Corporation of the Municipality of Dysart et al.

Trust Funds

Notes to Financial Statements

December 31, 2023

1. Nature of the entity

The Corporation of the Municipality of Dysart et al. Trust fund (the "Entity") is a fund responsible for holding the funds generated by perpetual care services and plot and monument sales made by the Municipality of Dysart et al.

2. Summary of significant accounting policies

The financial statements of the Entity are the responsibility of management and are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) standards, as recommended by Chartered Professional Accountants of Canada ("CPA Canada"). Significant aspects of the accounting policies adopted by the Entity are as follows:

Accrual accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available 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.

Revenue recognition

Revenue from the sale of products and services is recorded when the product is delivered or the service is provided. Interest revenue is recorded when received.

3. Transfer to Municipality

The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds transferred to the Municipality to be used to maintain the cemetery.

4. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements.