

**The Corporation of the
Municipality of Magnetawan**

**Independent Auditor's Report and
Financial Report**

December 31, 2023

The Corporation of the Municipality of Magnetawan

Financial Report

December 31, 2023

Management Report

Independent Auditor's Report

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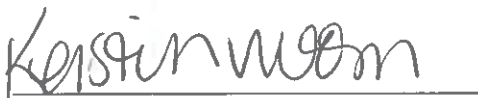
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Magnetawan (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.


The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



Chief Administrative Officer
June 19, 2024



Treasurer
June 19, 2024

Baker Tilly SNT LLP / s.r.l.

1850 Bond, Unit / Unité A

North Bay, ON, Canada P1B 4V6

T: +1 705.494.9336

F: +1 705.494.8783

www.bakertilly.ca

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers of the
The Corporation of the Municipality of Magnetawan**

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Magnetawan, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, cash flows, and change in net financial assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Magnetawan as at December 31, 2023, and its consolidated results of operations and its consolidated 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.

ACCOUNTING • TAX • ADVISORY

Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

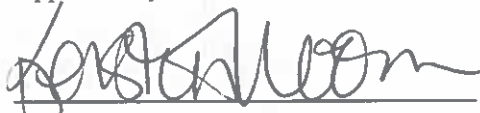
North Bay, Ontario
June 19, 2024

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Municipality of Magnetawan
Consolidated Statement of Financial Position
December 31, 2023

	<u>2023</u>	<u>2022</u> (Restated note 5)
Financial Assets		
Cash and cash equivalents (note 6)	\$ 5,361,437	\$ 4,216,056
Taxes receivable	608,150	573,250
Accounts receivable (note 7)	361,112	471,202
Investment in Lakeland Holding Ltd. (note 8)	788,063	774,105
Other current assets	-	7,077
	<u>7,118,762</u>	<u>6,041,690</u>
Liabilities		
Accounts payable and accrued liabilities (note 9)	360,301	527,967
Deferred revenues - other (note 10)	701,670	273,240
Deferred revenues - obligatory reserve funds (note 11)	153,553	78,657
Municipal debt (note 12)	390,000	520,000
Asset retirement obligations (note 13)	2,675,607	2,603,614
	<u>4,281,131</u>	<u>4,003,478</u>
Net Financial Assets	<u>2,837,631</u>	<u>2,038,212</u>
Non-Financial Assets		
Tangible capital assets (note 14)	18,165,261	18,730,141
Prepaid expenses	151,042	138,987
Inventories of supplies	232,962	288,706
	<u>18,549,265</u>	<u>19,157,834</u>
Accumulated Surplus (note 15)	<u>\$ 21,386,896</u>	<u>\$ 21,196,046</u>
Contingencies (note 16)		
Commitments (note 17)		

Approved by:




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

The Corporation of the Municipality of Magnetawan
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2023

	2023		2022
	Budget	Actual	Actual
	(Unaudited)		(Restated note 5)
Revenues			
Net taxation	\$ 5,618,658	\$ 5,705,984	\$ 5,378,867
User charges	10,100	22,334	14,669
Government grants and transfers - Provincial	1,219,299	1,377,742	1,211,707
Government grants and transfers - Federal	-	15,000	18,000
Lakeland Holding Ltd. income (note 8)	-	13,958	40,927
Other	497,500	740,671	690,939
Total revenues	7,345,557	7,875,689	7,355,109
Expenses			
General government	1,169,711	1,117,094	1,098,252
Protection services	1,218,957	1,173,423	1,055,091
Transportation services	2,922,834	2,652,936	2,425,651
Environmental services	795,137	834,460	663,091
Health services	329,825	318,566	311,878
Social and family services	584,153	587,157	562,083
Recreation and cultural services	922,198	916,719	892,408
Planning and development	118,500	84,484	90,899
Total expenses	8,061,315	7,684,839	7,099,353
Annual surplus (deficit) before other	(715,758)	190,850	255,756
Other			
Government grants and transfers related to capital - Provincial	602,085	-	451,850
Government grants and transfers related to capital - Federal	92,001	-	376,799
Annual surplus (deficit)	(21,672)	190,850	1,084,405
Accumulated surplus, beginning of year, as previously stated	21,196,046	21,196,046	19,379,961
Adjustments related to adoption of new accounting standards (note 5)	-	-	731,680
Accumulated surplus, end of year	\$ 21,174,374	\$ 21,386,896	\$ 21,196,046

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

The Corporation of the Municipality of Magnetawan
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
		(Restated note 5)
Operating transactions		
Annual surplus	\$ 190,850	\$ 1,084,405
Cash and cash equivalents provided by (applied to)		
Non-cash items:		
Accretion expense	71,993	69,896
Amortization of tangible capital assets	1,073,367	989,920
Gain on disposal of tangible capital assets	-	(110,906)
Change in non-cash working capital balances		
Increase in taxes receivable	(34,900)	(206,470)
Decrease (increase) in accounts receivable	110,090	(117,762)
Decrease in other current assets	7,077	-
Increase (decrease) in accounts payable and accrued liabilities	(167,666)	253,689
Increase in deferred revenues - other	428,430	251,593
Increase (decrease) in deferred revenues - obligatory reserve funds	74,896	(285,593)
Increase in prepaid expenses	(12,055)	(1,547)
Decrease (increase) in inventories of supplies	55,744	(116,338)
Cash and cash equivalents provided by operating transactions	<u>1,797,826</u>	<u>1,810,887</u>
Capital transactions		
Acquisition of tangible capital assets	(508,487)	(2,128,810)
Proceeds on disposal of tangible capital assets	-	193,001
Cash and cash equivalents applied to capital transactions	<u>(508,487)</u>	<u>(1,935,809)</u>
Investing transactions		
Increase in Lakeland Holding Ltd.	(13,958)	(40,927)
Cash and equivalents applied to investing transactions	<u>(13,958)</u>	<u>(40,927)</u>
Financing transactions		
Municipal debt repaid	(130,000)	(130,000)
Cash and cash equivalents applied to financing transactions	<u>(130,000)</u>	<u>(130,000)</u>
Increase (decrease) in cash and cash equivalents	1,145,381	(295,849)
Cash and cash equivalents, beginning of year	<u>4,216,056</u>	<u>4,511,905</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,361,437</u></u>	<u><u>\$ 4,216,056</u></u>

The Corporation of the Municipality of Magnetawan
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2023

	<u>2023</u> Budget (Unaudited)	<u>2023</u> Actual	<u>2022</u> Actual (Restated note 5)
Annual surplus	\$ (21,672)	\$ 190,850	\$ 1,084,405
Amortization of tangible capital assets	1,124,182	1,073,367	989,920
Gain on disposal of tangible capital assets	-	-	(110,906)
Proceeds on disposal of tangible capital assets	-	-	193,001
Acquisition of tangible capital assets	(2,058,000)	(508,487)	(2,128,810)
Change in prepaid expenses	-	(12,055)	(1,547)
Change in inventories of supplies	-	55,744	(116,338)
Increase (decrease) in net financial assets	(955,490)	799,419	(90,275)
Net financial assets, beginning of year	2,038,212	2,038,212	3,661,705
Adjustments related to adoption of new accounting standards (note 5)	-	-	(1,533,218)
Net financial assets, end of year	<u>\$ 1,082,722</u>	<u>\$ 2,837,631</u>	<u>\$ 2,038,212</u>

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies

These consolidated financial statements of the Municipality are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

- (i) These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Municipality and include the activities of all committees of Council, the Heritage Board and of the Magnetawan Public Library.

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

- (ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

District of Parry Sound Social Services Administration Board
District of Parry Sound Land Ambulance
District of Parry Sound (East) Home for the Aged
North Bay Parry Sound District Health Unit

- (iii) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

- (iv) Cemetery Care and Maintenance Fund

Cemetery Care and Maintenance Fund and their related operations administered by the Municipality are not consolidated, but are reported separately on the Cemetery Care and Maintenance Fund's Statement of Continuity and Statement of Financial Position.

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

(a) Basis of Consolidation (consolidated)

(v) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprise' accounting principles are not adjusted to conform with those of the Municipality and interorganizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(b) Basis of Accounting

(i) Accrual Basis

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.

(ii) Cash and Cash Equivalents

The Municipality's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of twelve months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Deferred Revenues - Obligatory Reserve Funds

The Municipality receives certain government grants, transfers and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenues. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(v) Employee Future Benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred.

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Municipality to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations and accumulated surplus.

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information

The Municipality reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Municipality:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control and streetlights.

Environmental Services

Environmental services include waste and recycling services.

Health Services

Health services include public health services, land ambulance and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, social housing and child care services.

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Municipality's economic development programs.

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, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's expenses in proportion to total municipal expenses.

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the Consolidated Change in Net Financial Assets for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset and legally or contractually required retirement activities. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 years and landfill capacity
Buildings	40 years
Machinery and equipment	5 to 20 years
Vehicles	8 to 10 years
Roads	8 to 75 years
Bridges	30 to 60 years

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

The Municipality has a capitalization threshold of \$3,000; individual tangible capital assets, or pooled assets of lesser value are expensed in the year of purchase.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets (continued)

ii) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

iii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(ix) Taxation and Other Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

User charges are recognized in the period in which the revenue relates.

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(x) Government Grants and Transfers

Government grants and transfers are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

(xi) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

(c) Financial Instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and municipal debt. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

2. Measurement Uncertainty

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- The amounts recorded for asset retirement obligations are based on the estimated amount required to ultimately remediate the liability and depend on estimates of usage, remaining life, inflation rates and discount rates.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

2. Measurement Uncertainty (Continued)

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

3. Future Accounting Pronouncements

These standards and amendments were not effective in the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

Section PS 3400 - Revenue, establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. This section applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

Guideline PSG-8 - Purchased Intangibles, provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. This guideline applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

Section PS 3160 - Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This section applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

4. Change in Accounting Policies

On January 1, 2023, the Municipality adopted the following standards on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*. The adoption of these standards had no impact on the opening balances.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. The 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.

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

4. Change in Accounting Policies (Continued)

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 at 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.

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.

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.

5. Adoption of New Accounting Standards

On January 1, 2023, the Municipality adopted PS 3280 *Asset Retirement Obligations* (ARO) on a modified retroactive basis.

PS 3280 *Asset Retirement Obligations* (ARO) 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 reported its obligations relating to the retirement of its landfills including closure and post-closure activities provided for over the estimated remaining life of the landfill sites based on usage.

The Municipality reported its obligations relating to the retirement of other tangible capital assets in the period in which 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 and replaces Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*.

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

5. Adoption of New Accounting Standards (Continued)

As a result of the application of this accounting standard, an asset retirement obligation of \$2,603,614 has been recognized as a liability in the consolidated statement of financial position. These obligations represent the estimated costs of retiring assets owned by the Municipality.

The adoption of PS 3280 Asset Retirement Obligations (ARO) has been applied to the comparative period as follows:

	<u>As previously stated</u>	<u>2022 Adjustments</u>	<u>Restated</u>
Statement of Financial Position			
Asset retirement obligations	\$ -	\$ 2,603,614	\$ 2,603,614
Landfill closure and post-closure	1,093,500	(1,093,500)	-
Tangible capital assets	16,539,968	2,190,173	18,730,141
Accumulated surplus	20,515,987	680,059	21,196,046
Statement of Operations and Accumulated Surplus			
General government	1,093,406	4,846	1,098,252
Environmental services	616,316	46,775	663,091
Adjustments related to adoption of new accounting standards	-	(731,680)	(731,680)
Accumulated surplus, end of year	20,515,987	680,059	21,196,046
Statement of Cash Flows			
Annual surplus	1,136,026	(51,621)	1,084,405
Amortization of tangible capital assets	1,008,195	(18,275)	989,920
Accretion expense	93,000	(93,000)	-
Increase in asset retirement obligations	-	69,896	69,896
Acquisition of tangible capital assets	(2,221,810)	93,000	(2,128,810)
Statement of Change in Net Financial Assets			
Annual surplus	1,136,026	(51,621)	1,084,405
Amortization of tangible capital assets	1,008,195	(18,275)	989,920
Acquisition of tangible capital assets	(2,221,810)	93,000	(2,128,810)
Adjustments related to adoption of new accounting standards	-	(1,533,218)	(1,533,218)
Net financial assets, end of year	3,548,326	(1,510,114)	2,038,212

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

5. Adoption of New Accounting Standards (Continued)

	<u>As previously stated</u>	<u>2022 Adjustments</u>	<u>Restated</u>
Note 14 - Tangible Capital Assets			
Land improvements (net book value)	486,777	2,174,114	2,660,891
Machinery and equipment (net book value)	345,318	16,059	361,377
Tangible capital assets (net book value)	16,539,968	2,190,173	18,730,141
Note 15 - Accumulated Surplus			
Invested in tangible capital assets	16,539,968	2,190,173	18,730,141
Asset retirement obligations	-	(2,603,614)	(2,603,614)
Landfill closure and post-closure liability	(1,093,500)	1,093,500	-
Accumulated surplus	20,515,987	680,059	21,196,046
Note 25 - Segmented Information			
Materials, contracted services, rents, and financial expenses	3,774,100	69,896	3,843,996
Amortization of tangible capital assets	1,008,195	(18,275)	989,920

6. Cash and Cash Equivalents

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,105,760	\$ 2,040,098
Guaranteed Investment Certificates maturing between March 3, 2024 and October 28, 2024, bearing interest at rates between 2.0 % and 5.15%	<u>2,255,677</u>	<u>2,175,958</u>
	<u>\$ 5,361,437</u>	<u>\$ 4,216,056</u>

The Municipality has authorized credit facilities totaling \$500,000, which is unsecured. As at December 31, 2023, the Municipality has utilized \$0 (2022 - \$0). The interest is calculated at 7.70%.

7. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Federal government	\$ 361,112	\$ 469,572
Province of Ontario	<u>-</u>	<u>1,630</u>
	<u>\$ 361,112</u>	<u>\$ 471,202</u>

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

8. Investment in Lakeland Holding Ltd.

Lakeland Holding Ltd. is a municipally owned government business enterprise. Its subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls and Magnetawan. On July 1, 2014, Lakeland Holding Ltd. amalgamated with Parry Sound Hydro Corporation which resulted in the Municipalities' share of equity to be reduced from 1.47% to 1.24%. Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	<u>2022</u>	<u>2021</u>
Consolidated Balance Sheet:		
Assets:		
Current assets	\$ 19,713,396	\$ 22,885,143
Capital and other assets	136,785,692	134,082,102
Regulatory assets	<u>787,907</u>	<u>-</u>
Total Assets	<u>\$ 157,286,995</u>	<u>\$ 156,967,245</u>
Liabilities:		
Current liabilities	\$ 13,904,925	\$ 19,332,787
Long-term liabilities	<u>79,828,596</u>	<u>75,097,848</u>
Total Liabilities	<u>93,733,521</u>	<u>94,430,635</u>
Equity:		
Share capital	12,609,650	12,609,650
Retained earnings and contributed surplus	50,825,942	49,779,381
Accumulated other comprehensive loss	<u>117,882</u>	<u>38,761</u>
Total Equity	<u>63,553,474</u>	<u>62,427,792</u>
Total Liabilities and Equity	<u>\$ 157,286,995</u>	<u>\$ 156,858,427</u>
Municipality's share of equity (1.24% ownership)	<u>\$ 788,063</u>	<u>\$ 774,105</u>
Consolidated Statement of Operations, Retained Earnings and Comprehensive Income		
Total Revenues	\$ 62,328,255	\$ 63,126,144
Total Expenses	<u>58,458,615</u>	<u>55,958,522</u>
Net income	3,869,640	7,167,622
Less: dividends	(2,000,000)	(2,000,000)
Less: provision for payment in lieu of taxes	(926,902)	(1,767,670)
Add: net movement in regulatory deferral account balances	103,823	(182,108)
Add: other comprehensive income (loss)	<u>79,121</u>	<u>33,257</u>
Comprehensive income, net of dividends	<u>\$ 1,125,682</u>	<u>\$ 3,251,101</u>
Municipality's share of comprehensive income, net of dividends (1.24% ownership)	<u>\$ 13,958</u>	<u>\$ 40,927</u>

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

9. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Federal government	\$ 34,392	\$ 19,556
Province of Ontario	39,042	80,293
School Boards	5,472	4,322
Trade payables	110,940	238,910
Other	<u>170,455</u>	<u>184,886</u>
	<u>\$ 360,301</u>	<u>\$ 527,967</u>

10. Deferred Revenues - Other

Deferred revenues set-aside for specific purposes are comprised of the following:

	Balance as at December 31, 2022	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2023
Northern Ontario Resource Development Support Fund	\$ 251,593	\$ 128,781	\$ -	\$ 380,374
Ontario Cannabis Legalization Implementation Fund	21,647	-	-	21,647
Ontario Community Infrastructure Fund	-	241,816	-	241,816
Investing in Canada Infrastructure Program - COVID stream: local government intake	-	57,833	-	57,833
Total Deferred Revenues - Other	<u>\$ 273,240</u>	<u>\$ 428,430</u>	<u>\$ -</u>	<u>\$ 701,670</u>

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

11. Deferred Revenues - Obligatory Reserve Funds

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below:

	Balance as at December 31, 2022	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2023
Canada Community - Building Fund	\$ -	\$ 93,513	\$ -	\$ 93,513
Parkland fees	51,886	8,154	-	60,040
Safe re-start	26,771	-	26,771	-
Total Deferred Revenues - Obligatory Reserve Funds	<u>\$ 78,657</u>	<u>\$ 101,667</u>	<u>\$ 26,771</u>	<u>\$ 153,553</u>

12. Municipal Debt

	<u>2023</u>	<u>2022</u>
Debenture loan, repayable in semi-annual instalments of \$65,000, including interest at the fixed rate of 2.47%, maturing December 1, 2026	<u>\$ 390,000</u>	<u>\$ 520,000</u>

Principal instalments required to be paid over the next three years are as follows:

2024	\$ 130,000
2025	130,000
2026	<u>130,000</u>
Total	<u>\$ 390,000</u>

13. Asset Retirement Obligations

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 2,603,614	\$ -
Opening balance adjustment	-	2,533,717
Accretion expense	<u>71,993</u>	<u>69,897</u>
Balance, end of year	<u>\$ 2,675,607</u>	<u>\$ 2,603,614</u>

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

13. Asset Retirement Obligations (Continued)

The asset retirement obligation at year-end is as follows:

	<u>2023</u>	<u>2022</u>
Landfill	\$ 2,471,770	\$ 2,399,777
Asbestos removal	53,274	53,274
Fuel tanks	36,496	36,496
Septic systems	35,658	35,658
Drinking water wells and monitoring wells	78,409	78,409
	<u>\$ 2,675,607</u>	<u>\$ 2,603,614</u>

Landfill

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The reported liability is based on estimates and assumptions with respect to events extending over the estimated remaining useful life using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The most recent waste capacity study for the landfill site was performed in a report dated April 25, 2023.

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2023					
Chapman	48% (27,008 m³)	11 years	25 years	2.00%	3.00%
Croft	22% (34,171 m³)	19 years	25 years	2.00%	3.00%
2022					
Chapman	52% (29,508 m ³)	12 years	25 years	2.00%	3.00%
Croft	23% (34,901 m ³)	20 years	25 years	2.00%	3.00%

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

13. Asset Retirement Obligations (Continued)

Asbestos removal

The Municipality owns buildings which contain asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

Fuel tanks, septic systems, drinking water wells and monitoring wells

The Municipality owns fuel tanks, septic systems, drinking water wells and monitoring wells which represents an environmental hazard upon removal and decommissioning and there are legal obligations regarding how they must be removed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

14. Tangible Capital Assets

	Cost			Accumulated Amortization				Net Book Value		
	Balance, beginning of year <small>(restated - note 5)</small>	Additions	Transfers / Disposals	Balance, end of year <small>(restated - note 5)</small>	Balance, beginning of year <small>(restated - note 5)</small>	Amortization	Disposals	Balance, end of year	December 31, 2023	December 31 2022 <small>(restated - note 5)</small>
Land	\$ 760,744	\$ -	\$ -	\$ 760,744	\$ -	\$ -	\$ -	\$ -	\$ 760,744	\$ 760,744
Land improvements	3,346,299	180,086	-	3,526,385	685,408	139,127	-	824,535	2,701,850	2,660,891
Buildings	5,002,574	25,263	-	5,027,837	1,746,918	122,048	-	1,868,966	3,158,871	3,255,656
Machinery and equipment	905,251	86,130	-	991,381	543,874	61,448	-	605,322	386,059	361,377
Vehicles	3,997,981	80,613	-	4,078,594	1,616,632	239,033	-	1,855,665	2,222,929	2,381,349
Roads and bridges	27,094,510	90,236	-	27,184,746	17,881,036	511,711	-	18,392,747	8,791,999	9,213,474
Work in progress	96,650	46,159	-	142,809	-	-	-	-	142,809	96,650
	<u>\$ 41,204,009</u>	<u>\$ 508,487</u>	<u>\$ -</u>	<u>\$ 41,712,496</u>	<u>\$ 22,473,868</u>	<u>\$ 1,073,367</u>	<u>\$ -</u>	<u>\$ 23,547,235</u>	<u>\$ 18,165,261</u>	<u>\$ 18,730,141</u>

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

15. Accumulated Surplus

	<u>2023</u>	<u>2022</u>
Surplus		(Restated note 5)
Invested in tangible capital assets	\$ 18,165,261	\$ 18,730,141
General (see note (a) below)	37,922	22,203
Unfunded liabilities		
Municipal debt	(390,000)	(520,000)
Asset retirement obligations	(2,675,607)	(2,603,614)
Equity in Lakeland Holding Ltd.	788,063	774,105
Total surplus	<u>15,925,639</u>	<u>16,402,835</u>
Reserves		
Special purpose reserves		
Working capital	223,712	223,713
Asset management	4,018,523	3,438,870
Waste disposal	274,618	254,520
Community enhancement	203,705	178,409
Cemetery	9,500	9,500
Election	8,000	-
Library	4,876	4,876
Landfill Rehabilitation	538,710	488,710
Fire Hall	179,613	189,613
Museum Covid-19 relief grant	-	5,000
Total reserves	<u>5,461,257</u>	<u>4,793,211</u>
Accumulated Surplus	<u>\$ 21,386,896</u>	<u>\$ 21,196,046</u>

(a) General Surplus:

The general surplus of \$37,922 (2022 - \$22,203) at the end of the year is comprised of the following:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 22,203	\$ 52,197
Annual surplus	190,850	1,084,405
Transfer from (to) reserves	(668,046)	43,427
Net change in tangible capital assets	564,880	(1,149,795)
Decrease (increase) in amounts to be recovered	(58,007)	32,896
Increase in equity in Lakeland Holding Ltd.	<u>(13,958)</u>	<u>(40,927)</u>
Closing balance	<u>\$ 37,922</u>	<u>\$ 22,203</u>

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

16. Contingencies

Legal Matters

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Municipality's consolidated financial position.

17. Commitments

During the year the Municipality entered into a contract for the Orange Valley Bridge replacement for approximately \$541,878 plus applicable taxes. At December 31, 2023, there was approximately \$541,878 plus applicable taxes remaining to be completed.

The Municipality entered into a three-year contractual agreement from January 2, 2018 to December 21, 2020, extended to December 31, 2024 for solid waste and recycling collection. The minimum commitment for solid waste and recycling collection is \$47,689 per year.

18. Operations of School Boards

Further to note 1(a)(iii), the taxation, other revenues, and expenses of the school boards are comprised of the following:

	<u>2023</u>	<u>2022</u>
Taxation and user charges	<u>\$ 1,166,541</u>	<u>\$ 1,140,210</u>
Total amounts received or receivable	1,166,541	1,140,210
Requisitions	<u>1,166,541</u>	<u>1,140,210</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

19. Contributions to Unconsolidated Joint Local Boards

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

	<u>2023</u>	<u>2022</u>
District of Parry Sound Social Services Administration Board	\$ 316,506	\$ 306,601
District of Parry Sound Land Ambulance	240,174	229,046
District of Parry Sound (East) Home for the Aged	251,803	243,306
North Bay Parry Sound District Health Unit	<u>46,007</u>	<u>43,295</u>
	<u>\$ 854,490</u>	<u>\$ 822,248</u>

20. Cemetery Care and Maintenance Fund

Cemetery Care and Maintenance Fund administered by the Municipality amounting to \$101,008 (2022 - \$99,518) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

21. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, 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 to approximately 612,533 active and retired members and approximately 1,047 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. On December 31, 2023, the estimated accrued pension obligation for all members of the Plan was \$134,574 million (2022 - \$128,789 million). The Plan had an actuarial value of net assets at that date of \$130,372 million (2022 - \$122,111 million) indicating an actuarial deficit of \$4,202 million (2022 - \$6,678 million). The Plan is a multi-employer plan, therefore 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.

The Corporation of the Municipality of Magnetawan
Notes to the Consolidated Financial Statements
December 31, 2023

21. Pension Agreements (Continued)

The amount contributed by the Municipality to OMERS for 2023 was \$127,856 (2022 - \$124,094) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2023 the yearly maximum pension earnings increased to \$66,600 from \$64,900 in 2022. The contributions are calculated at a rate of 9.0% (2022 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2022 - 14.6%) for amounts above the yearly maximum pension earnings.

22. Financial Instruments

Risks arising from financial instruments and risk management

The Municipality is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

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

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Municipality is exposed to credit risk to the extent that accounts receivable are not collected in a timely manner. The Municipality's financial assets consisting of cash and cash equivalents and accounts receivable are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the maximum credit risk of the Municipality at the date of the consolidated statement of financial position. The Municipality does not believe it is subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality's financial liabilities include accounts payable and accrued liabilities and municipal debt. The Municipality maintains sufficient resources to meet its obligations. The Municipality does not believe it is subject to significant liquidity risk.

The Corporation of the Municipality of Magnetawan

Notes to the Consolidated Financial Statements

December 31, 2023

22. Financial Instruments (Continued)

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Municipality is exposed to currency risk, interest risk and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Municipality's financial instruments consisting of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and municipal debt are subject to market risk. The Municipality does not believe it is subject to significant market risk.

23. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is based on a model used to manage departmental spending within the guidelines of the model. Given the differences between the model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting that is used to prepare the consolidated financial statements. The budget figures are unaudited.

	<u>2023</u>	<u>2022</u>
Budget By-law surplus for the year	\$ -	\$ -
Add: Acquisition of tangible capital assets	2,058,000	2,961,896
Municipal debt repaid	130,000	130,000
Contributions to reserves	261,981	294,800
Less: Amortization of tangible capital assets	(1,124,182)	(1,008,195)
Contributions from reserves	<u>(1,347,471)</u>	<u>(1,907,654)</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ (21,672)</u>	<u>\$ 470,847</u>

24. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

The Corporation of the Municipality of Magnetawan
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December 31, 2023

25. Segmented Information

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2023 Total</u>
Revenues									
Net taxation	\$ 829,441	\$ 871,265	\$ 1,969,802	\$ 619,586	\$ 236,535	\$ 435,963	\$ 680,663	\$ 62,729	\$ 5,705,984
User charges	3,000	-	-	-	3,414	-	15,920	-	22,334
Government grants and transfers - Provincial	200,131	186,982	418,244	208,894	49,438	91,120	209,822	13,111	1,377,742
Government grants and transfers - Federal	-	-	-	-	-	-	15,000	-	15,000
Lakeland Holding Ltd. income	13,958	-	-	-	-	-	-	-	13,958
Other	68,310	297,460	143,119	99,259	18,958	27,057	62,075	24,433	740,671
Total Revenues	<u>1,114,840</u>	<u>1,355,707</u>	<u>2,531,165</u>	<u>927,739</u>	<u>308,345</u>	<u>554,140</u>	<u>983,480</u>	<u>100,273</u>	<u>7,875,689</u>
Expenses									
Salary, wages and employee benefits	650,133	451,339	490,466	261,711	17,364	4,595	508,892	50,536	2,435,036
Interest on long-term debt	-	-	12,039	-	-	-	-	-	12,039
Materials, contracted services, rents, and financial expenses	428,906	638,845	1,441,095	440,844	299,270	581,186	300,303	33,948	4,164,397
Amortization of tangible capital assets	38,055	83,239	709,336	131,905	1,932	1,376	107,524	-	1,073,367
Total expenses	<u>1,117,094</u>	<u>1,173,423</u>	<u>2,652,936</u>	<u>834,460</u>	<u>318,566</u>	<u>587,157</u>	<u>916,719</u>	<u>84,484</u>	<u>7,684,839</u>
Annual surplus (deficit) before other	(2,254)	182,284	(121,771)	93,279	(10,221)	(33,017)	66,761	15,789	190,850
Other									
Government grants and transfers related to capital - Provincial	-	-	-	-	-	-	-	-	-
Government grants and transfers related to capital - Federal	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	<u>\$ (2,254)</u>	<u>\$ 182,284</u>	<u>\$ (121,771)</u>	<u>\$ 93,279</u>	<u>\$ (10,221)</u>	<u>\$ (33,017)</u>	<u>\$ 66,761</u>	<u>\$ 15,789</u>	<u>\$ 190,850</u>

The Corporation of the Municipality of Magnetawan
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December 31, 2023

25. Segmented Information (Continued)

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2022 Total</u>
									(Restated - note 5)
Revenues									
Net taxation	\$ 834,493	\$ 805,251	\$ 1,851,270	\$ 470,376	\$ 238,027	\$ 428,985	\$ 681,090	\$ 69,375	\$ 5,378,867
User charges	-	-	-	-	3,475	-	11,194	-	14,669
Government grants and transfers - Provincial	172,907	173,272	397,661	162,644	49,319	88,886	152,644	14,374	1,211,707
Government grants and transfers - Federal	4,000	-	-	-	-	-	14,000	-	18,000
Lakeland Holding Ltd. income	40,927	-	-	-	-	-	-	-	40,927
Other	165,700	250,945	94,470	66,493	9,089	14,820	71,732	17,690	690,939
Total Revenues	<u>1,218,027</u>	<u>1,229,468</u>	<u>2,343,401</u>	<u>699,513</u>	<u>299,910</u>	<u>532,691</u>	<u>930,660</u>	<u>101,439</u>	<u>7,355,109</u>
Expenses									
Salary, wages and employee benefits	647,553	341,843	482,978	214,368	26,829	-	497,542	39,074	2,250,187
Interest on long-term debt	-	-	15,250	-	-	-	-	-	15,250
Materials, contracted services, rents, and financial expenses	412,699	637,110	1,266,342	344,066	283,117	560,707	288,130	51,825	3,843,996
Amortization of tangible capital assets	38,000	76,138	661,081	104,657	1,932	1,376	106,736	-	989,920
Total expenses	<u>1,098,252</u>	<u>1,055,091</u>	<u>2,425,651</u>	<u>663,091</u>	<u>311,878</u>	<u>562,083</u>	<u>892,408</u>	<u>90,899</u>	<u>7,099,353</u>
Annual surplus (deficit) before other	<u>119,775</u>	<u>174,377</u>	<u>(82,250)</u>	<u>36,422</u>	<u>(11,968)</u>	<u>(29,392)</u>	<u>38,252</u>	<u>10,540</u>	<u>255,756</u>
Other									
Government grants and transfers related to capital - Provincial	9,111	-	199,772	-	-	-	242,967	-	451,850
Government grants and transfers related to capital - Federal	25,734	-	351,065	-	-	-	-	-	376,799
Annual surplus (deficit)	<u>\$ 154,620</u>	<u>\$ 174,377</u>	<u>\$ 468,587</u>	<u>\$ 36,422</u>	<u>\$ (11,968)</u>	<u>\$ (29,392)</u>	<u>\$ 281,219</u>	<u>\$ 10,540</u>	<u>\$ 1,084,405</u>

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Magnetawan**

Opinion

We have audited the financial statements of the Cemetery Care and Maintenance Fund of The Corporation of the Municipality of Magnetawan, which comprise the statement of financial position as at December 31, 2023, and the statement of continuity 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 Cemetery Care and Maintenance Fund of The Corporation of the Municipality of Magnetawan as at December 31, 2023, and the continuity of the Cemetery Care and Maintenance Fund 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 Cemetery 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.

Independent Auditor's Report (Continued)

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 Cemetery'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 Cemetery or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Cemetery'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 Cemetery's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Cemetery'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 Cemetery 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.

North Bay, Ontario
June 19, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Municipality of Magnetawan
Cemetery Care and Maintenance Fund - Statement of Continuity
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 99,518	\$ 95,496
Investment income	650	770
Sale of plots and marker installations	<u>1,490</u>	<u>4,075</u>
	101,658	100,341
Expenses		
Bank charges	-	53
Transfer to current fund of The Corporation of the Municipality of Magnetawan	<u>650</u>	<u>770</u>
Balance, end of year	<u>\$ 101,008</u>	<u>\$ 99,518</u>

**The Corporation of the Municipality of Magnetawan
 Cemetery Care and Maintenance Fund - Statement of Financial Position
 December 31, 2023**

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and term deposits	\$ 101,433	\$ 100,698
Liabilities		
Accounts payable and accrued liabilities	<u>425</u>	<u>1,180</u>
Net Financial Assets	101,008	99,518
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u>\$ 101,008</u>	<u>\$ 99,518</u>

The Corporation of the Municipality of Magnetawan
Note to the Financial Statements
December 31, 2023

1. Accounting Policies

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses and capital expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.