

The District Municipality of Muskoka
Consolidated Financial Statements
For the year ended December 31, 2023

**The District Municipality of Muskoka
Consolidated Financial Statements
For the year ended December 31, 2023**

Contents

Management Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3 - 4
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 14
Notes to Consolidated Financial Statements	15 - 35

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The District Municipality of Muskoka (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described on pages 9 - 14 of the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the 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 BDO Canada LLP, independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's consolidated financial statements.

Signed by:

70BD40B22AF2453...
Director of Finance

Signed by:

B7967F01A48B4E8...
Commissioner Finance & Corporate Services

August 8, 2024

Independent Auditor's Report

To the Members of Council, Residents and Ratepayers of The District Municipality of Muskoka

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2023, and its consolidated results of operations, its consolidated change in net financial assets, 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 District 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 District'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 District or to cease operations, or has no realistic alternative but to do so.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
August 8, 2024

The District Municipality of Muskoka Consolidated Statement of Financial Position

December 31	2023	2022 (Restated see Note 1)
Financial assets		
Cash and cash equivalents (Note 3)	\$ 76,675,820	\$ 106,326,651
Investments (Note 4)	203,932,414	148,349,619
Trade and other receivables	21,794,840	20,157,288
Long-term receivables (Notes 5 and 8)	72,572,364	50,822,331
Inventory for resale	109,918	183,114
	375,085,356	325,839,003
Liabilities		
Accounts payable and accrued liabilities	54,410,536	42,736,164
Employee future benefits payable (Note 6)	2,539,337	1,704,652
Deferred revenue - obligatory reserves (Note 3)	37,564,904	32,687,866
Deferred revenue - other (Note 3)	3,254,303	3,092,155
Asset retirement obligations (Note 7)	33,907,625	33,716,811
Municipal debt (Note 8)	102,782,075	84,872,137
Mortgages payable (Note 9)	1,538,098	1,883,837
	235,996,878	200,693,622
Net financial assets	139,088,478	125,145,381
Non-financial assets		
Prepaid expenses	2,863,111	2,213,919
Inventories of supplies	1,024,353	900,764
Tangible capital assets (Note 10)	573,591,051	557,571,888
	577,478,515	560,686,571
Accumulated surplus (Note 11)	\$ 716,566,993	\$ 685,831,952

Contingencies (Note 14)

The District Municipality of Muskoka Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2023 (See Note 12)	Actual 2023	Actual 2022 (Restated -See Note 1)
Revenue			
Requisition on area municipalities	\$ 119,193,049	\$119,460,142	\$ 112,522,573
User charges	39,893,470	39,737,944	38,307,547
Government transfers	51,469,383	58,561,146	51,339,018
Investment income	1,942,828	10,216,645	4,818,346
Federal gas tax (Note 3)	1,991,100	3,730,350	433,758
Provincial gas tax (Note 3)	46,265	36,596	42,698
Ontario Community Infrastructure Fund (Note 3)	2,390,564	3,634,595	742,187
Development charges (Note 3)	2,985,770	2,125,776	4,500,490
Provincial Offences Act (Note 13)	1,044,863	705,475	899,265
Other	19,716	8,868,377	10,301,254
Loss on disposal of tangible capital assets	-	(283,600)	(79,305)
	<u>220,977,008</u>	<u>246,793,446</u>	<u>223,827,831</u>
Expenses (Note 18)			
General government	11,952,841	12,474,889	10,395,797
Protection to persons and property	16,807,364	17,087,553	16,899,096
Transportation services	28,628,206	38,589,803	37,035,035
Environmental services	58,369,120	58,668,454	53,580,467
Health services	16,544,544	17,690,438	16,482,150
Social and family services	58,106,346	60,413,579	51,867,861
Social housing	8,466,828	6,986,702	7,474,789
Planning and development	3,130,063	4,146,987	5,029,928
	<u>202,005,312</u>	<u>216,058,405</u>	<u>198,765,123</u>
Annual surplus	18,971,696	30,735,041	25,062,708
Accumulated surplus, beginning of year	685,831,952	685,831,952	674,670,208
Adoption of new accounting policy (Note 1)	-	-	(13,900,964)
Accumulated surplus, end of year	<u>\$ 704,803,648</u>	<u>\$ 716,566,993</u>	<u>\$ 685,831,952</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**The District Municipality of Muskoka
Consolidated Statement of Changes in Net Financial Assets**

For the year ended December 31	Budget 2023 (Note 12)	Actual 2023	Actual 2022 (Restated -See Note 1)
Annual surplus	\$ 18,971,696	\$ 30,735,041	\$ 25,062,708
Acquisition of tangible capital assets	(62,812,731)	(50,266,257)	(33,990,168)
Asset Retirement Obligation adjustment	-	-	(20,174,349)
Contributed tangible capital assets	-	(758,515)	(1,499,652)
Amortization of tangible capital assets	35,400,895	33,791,810	32,903,769
Loss (gain) on disposal of tangible capital assets	-	283,600	79,305
Proceeds on disposal of tangible capital assets	-	221,426	71,774
Write off of construction in progress	-	708,775	481,623
	<u>(8,440,140)</u>	<u>14,715,880</u>	<u>2,935,010</u>
Change in supplies inventory	-	(123,591)	59,313
Change in prepaid expenses	-	(649,192)	(725,365)
	<u>-</u>	<u>(772,783)</u>	<u>(666,052)</u>
Increase (decrease) in net financial assets	(8,440,140)	13,943,097	2,268,958
Net financial assets, beginning of year	125,145,381	125,145,381	122,876,423
Net financial assets, end of year	\$ 116,705,241	\$ 139,088,478	\$ 125,145,381

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

The District Municipality of Muskoka Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022 (Restated -See Note 1)
Operating transactions		
Annual surplus	\$ 30,735,041	\$ 25,062,708
Non-cash items:		
Amortization of tangible capital assets	33,791,810	32,903,769
Accretion expense	1,684,103	1,624,785
Contributed tangible capital assets	(758,515)	(1,499,652)
Loss (gain) on disposal of tangible capital assets	283,600	79,305
Write off of construction in progress costs	708,775	481,623
	66,444,814	58,652,538
Changes in non-cash assets and liabilities		
Trade and other receivables	(1,637,552)	504,779
Inventories for resale	73,196	(110,325)
Accounts payable and accrued liabilities	11,674,372	9,563,965
Pensions and other employee benefits	834,685	248,836
Deferred revenue	5,039,186	9,832,370
Inventories of supplies	(123,589)	59,312
Prepaid expenses	(649,192)	(725,365)
	81,655,920	78,026,110
Capital transactions		
Proceeds on disposal of tangible capital assets	221,426	71,774
Acquisition of tangible capital assets	(50,266,257)	(33,990,168)
	(50,044,831)	(33,918,394)
Investing transactions		
Purchase of Investments	(55,582,795)	(7,708,088)
Financing transactions		
Repayments of mortgages payable	(345,739)	(414,322)
Repayments of municipal debt (net of long-term receivable repayments)	(3,840,094)	(3,709,885)
Asset retirement obligation payments	(1,493,292)	(403,666)
	(5,679,125)	(4,527,873)
Increase (decrease) in cash and cash equivalents	(29,650,831)	31,871,755
Cash and cash equivalents, beginning of year	106,326,651	74,454,896
Cash and cash equivalents, end of year	\$ 76,675,820	\$ 106,326,651

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

The District Municipality of Muskoka Summary of Significant Accounting Policies

December 31, 2023

Nature of District	These consolidated financial statements are of The District Municipality of Muskoka ("District") which is an upper-tier municipal district in the Province of Ontario.
Basis of Accounting	The consolidated financial statements have been prepared using Canadian public sector accounting standards.
Basis of Consolidation	<p>The consolidated financial statements reflect the assets, liabilities, revenue, expenditures and surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the District and which are owned or controlled by the District.</p> <p>The financial information relating to The Pines Long Term Care Residence Program and the Muskoka Municipal Non-Profit Housing Corporation are included in these consolidated financial statements.</p>
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and temporary investments having a maturity of less than three months from date of acquisition and are held for the purpose of meeting short-term cash commitments.
Inventory for Resale	Inventory for resale consists of fuel inventory at the Muskoka Airport and is recognized as a financial asset as it is held for resale. It is measured and recorded at the lower of cost and net realizable value. Cost includes all acquisition costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.
Deferred Revenue	Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

The District Municipality of Muskoka Summary of Significant Accounting Policies

December 31, 2023

Post Retirement Benefits

The District 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 District has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

Non-financial Assets

Non-financial assets are used to provide the District's services in future periods. These assets do not normally provide resources to discharge the liabilities of the District unless they are sold. The District's non-financial assets include tangible capital assets, inventories held for consumption or use and prepaid expenses.

Inventory

Inventories of supplies held for consumption are recorded at the lower of cost and net realizable value.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the District may undertake in the future. The principal estimates used in the preparation of these consolidated financial statements relate to the determination of the valuation allowance for accounts receivables, asset retirement obligations, employee future benefits, the allowance for tax revenue reductions and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

The District Municipality of Muskoka Summary of Significant Accounting Policies

December 31, 2023

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization, excluding land and landfill capacity, is recorded on a straight-line basis over the estimated life of the tangible capital asset. Land is considered to have an infinite life without amortization, landfill capacity is amortized based on the annual rate of consumption. Residual values of assets are assumed to be zero and any revenues arising from the disposal of assets are recognized in the consolidated statement of operations. Amortization is based on six months for the year of acquisition regardless of the month acquired and annual thereafter. Assets under construction are not amortized until the asset is in service.

According to the accounting rules of the Ministry of Municipal Affairs and Housing, non-profit housing land and the original building are capitalized and amortization is based on mortgage principal payments or 30 years straight line. Any improvements are expensed in the year rather than being amortized over their estimated useful lives. Amortization is based on the following classifications and useful lives:

Classification	Useful Life (Years)
Site improvements	10 to 25 years
Structures	20 to 50 years
Leasehold improvements	term of lease
Equipment	3 to 20 years
Fleet	4 to 20 years
Roads	15 to 50 years
Airport	10 to 20 years
Locks	10 to 40 years
Water	10 to 50 years
Wastewater	10 to 50 years
Lagoons	10 to 20 years
Non-profit housing land and building	principal debt payment or 30 years straight line

The District Municipality of Muskoka Summary of Significant Accounting Policies

December 31, 2023

Financial Instruments

Cash and cash equivalents are measured at fair value. Portfolio investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. As portfolio investments are presented at amortized cost and cash and cash equivalents do not result in unrealized gains and losses from changes in fair value, no statement of remeasurement gains and losses is presented in these financial statements.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The District Municipality of Muskoka Summary of Significant Accounting Policies

December 31, 2023

Revenue Recognition

The District recognizes taxation revenue (requisition on area municipalities) on an annual basis using total assessment values for the year and annually established tax rates as imposed by municipalities within the District. Property assessment values are provided by the Municipal Property Assessment Corporation and tax rates are established and approved by members of Council. The issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessments are used by the District to determine the taxes applicable and render the supplementary tax billings.

Government transfers are recognized as revenue in the year in which events that give rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met, and the amounts can be reasonably estimated. Transfers consist of grants and subsidies received for various operating and capital programs. Deferred grant revenue arises when grants received are conditional upon eligible expenses being incurred and where amounts received in advance have not been fully expended on eligible expenses. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

User charges and other revenue are recognized as revenue when the services are provided and there is reasonable assurance of collection.

Provincial offences act fine revenue is recorded as funds are received, due to the uncertainty of collections and measurement of the receivables.

The District Municipality of Muskoka Summary of Significant Accounting Policies

December 31, 2023

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a 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 recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related capital asset if it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Reserve and Reserve Funds

The District 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 11 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.

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

1. Adoption of new accounting policy - Asset Retirement Obligations

Effective January 1, 2022 the District adopted Public Sector Accounting Handbook Standard, Section PS 3280, Asset Retirement Obligations. As a result of the adoption, the presentation of the financial statements changed from the December 31, 2022 financial statements. The standard requires an obligation to be recognized related to legal obligations associated with the retirement of capital assets and when all conditions listed in Significant Accounting Policies - Asset Retirement Obligations are met. The impact of adopting this standard was the recognition of a \$32,495,692 liability as at January 1, 2022.

The net effect of the above on the December 31, 2022 comparative figures was:

Decrease in landfill closure and post-closure costs	\$ 15,629,524
Increase in Asset retirement obligations	\$ 33,716,811
Increase in Tangible capital assets Cost	\$ 11,036,867
Increase in Tangible capital asset Accumulated amortization	\$ 5,123,758
Decrease in Accumulated surplus	\$ 12,174,177
Increase in Amortization expense	\$ 360,275
Increase in Accretion expense	\$ 1,624,785
Decrease in Annual surplus	\$ 1,985,060

The modified retroactive transitional approach requires a full restatement using assumptions and discount rates that are current as of January 1, 2023 to calculate the adjustments. As a result of this application, the District recorded an adjustment to opening accumulated surplus of \$13,900,964 at January 1, 2022.

On January 1, 2023 the District adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard is required to be adopted prospectively, therefore comparative figures have not been restated. No transitional adjustments were required as a result of the adoption of the new standard.

**The District Municipality of Muskoka
Notes to Consolidated Financial Statements**

December 31, 2023

2. Financial Instruments

Classification

The carrying value of each class of the District's financial instruments is provided in the following table.

	2023		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$76,675,820	\$ -	\$ 76,675,820
Investments	-	203,932,414	203,932,414
Trade and other receivable	-	21,794,840	21,794,840
Long-term receivables	-	72,572,364	72,572,364
Accounts payable and accrued liabilities	-	54,410,536	54,410,536
Long-term debt	-	104,320,173	104,320,173
	\$76,675,820	\$ 457,030,327	\$ 533,706,147

	2022		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$106,326,651	\$ -	\$106,326,651
Investments	-	148,349,619	148,349,619
Trade and other receivables	-	20,157,288	-
Long-term receivables	-	50,822,331	50,822,331
Accounts payable and accrued liabilities	-	42,736,164	42,736,164
Long-term debt	-	86,755,974	86,755,974
	\$106,326,651	\$ 348,821,376	\$ 455,148,027

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

2. Financial Instruments (continued)

Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** - 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)
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$76,675,820	\$ -	\$ -	\$76,675,820
	2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$106,326,651	\$ -	\$ -	\$106,326,651

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3.

Financial Instrument Risk Management

The District is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the District's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

**The District Municipality of Muskoka
Notes to Consolidated Financial Statements**

December 31, 2023

2. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the District if a debtor fails to make payments of interest and principal when due. Other than the impairment of receivables disclosed in Note 5, it is management's opinion that the District is not exposed to significant credit risk. The amounts outstanding at year end, which is the District's maximum exposure to credit risk related to receivables, were as follows:

	0-30 days	31-90 days	91-365 days	1 to 10+years
Trades and other receivables	\$ 12,793,966	\$ 2,432,663	\$ 6,536,826	\$ 31,385
Long-term receivables	-	-	7,330,879	65,241,485
Total	\$ 12,793,966	\$ 2,432,663	\$ 13,867,705	\$ 65,272,870

Liquidity Risk

Liquidity risk is the risk that the District will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the District will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The District is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The District's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes to these risks from the prior year.

Unless otherwise noted, the expected cash outflows are within one year. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable and accrued liabilities	\$ 43,778,420	\$ 10,632,116	\$ -	\$ -
Municipal debt	5,522,260	5,522,260	25,405,549	66,332,006
Mortgages payable	544,653	544,652	448,793	-
Total financial liabilities	\$ 49,845,333	\$ 16,699,028	\$ 25,854,342	\$ 66,332,006

**The District Municipality of Muskoka
Notes to Consolidated Financial Statements**

December 31, 2023

2. Financial Instruments (continued)

	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 year
Accounts payable and accrued liabilities	\$ 33,673,948	\$ 9,062,216	\$ -	\$ -
Municipal Debt	3,650,031	3,650,031	30,529,465	47,042,610
Mortgages payable	172,870	172,869	1,538,098	-
Total financial liabilities	\$ 37,496,849	\$ 12,885,116	\$ 32,067,563	\$ 47,042,610

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity risk, the District is not exposed to currency or equity risk.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The District is exposed to this risk through its long term debt.

The District holds long-term debt which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rate changes and general economic conditions.

The District structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations. At December 31, 2023, a 1% fluctuation in interest rates on mortgages payable, with all other variables held constant, would have an estimated impact on the fair value of \$15,381.

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

3. Deferred Revenue

The balance of deferred revenue reported on the consolidated statement of financial position is made up of the following:

	2023	2022
Deferred revenue - obligatory reserve funds		
Development Charges Act	\$ 15,305,295	\$ 11,284,870
Federal Gas Tax	7,843,021	9,181,115
Ontario Gas Tax	280,653	214,350
Ontario Community Infrastructure Fund (OCIF)	14,135,935	12,007,531
	\$ 37,564,904	\$ 32,687,866
Deferred revenue - other		
Community services and health services	\$ 2,980,225	\$ 2,590,857
Social housing	9,273	9,273
Public works	59,598	59,598
Planning	44,564	41,573
Other	160,643	390,854
	3,254,303	3,092,155
Total deferred revenue	\$ 40,819,207	\$ 35,780,021

The net change during the year in the deferred revenue - obligatory reserve fund balances is made up as follows:

	Development Charges Act	Federal & Ontario Gas Tax	OCIF	Total
Deferred revenue - obligatory reserve funds, beginning of year	\$ 11,284,871	\$ 9,395,465	\$ 12,007,530	\$ 32,687,866
Funds received during the year	5,546,916	2,089,243	5,192,728	12,828,887
Interest earned	599,284	405,912	570,272	1,575,468
Funds used during the year	(2,125,776)	(3,766,946)	(3,634,595)	(9,527,317)
Deferred revenue - obligatory reserve funds, end of year	\$ 15,305,295	\$ 8,123,674	\$ 14,135,935	\$ 37,564,904

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

3. Deferred Revenue (continued)

The above funds held as deferred revenue are restricted in their use by their respective legislation.

The interest earned is included as investment income on the consolidated statement of operations. The Development Charges Act, Federal and Provincial Gas Tax and OCIF funds used during the year of \$2,125,776, \$3,766,946 and \$3,634,595 are included in revenues.

Included in Cash and Cash equivalents at year end is \$40,819,207 (2022 - \$35,780,021) relating to these funds.

4. Investments

	2023	2022
GIC's and short-term notes	\$ 57,236,348	\$ 1,424,304
Bonds	81,592,108	71,965,655
Equities	63,194,729	69,393,227
Debentures and other (i)	1,909,229	5,566,433
	\$203,932,414	\$ 148,349,619

Investments are stated at cost/amortized cost, with investment durations ranging from 1 month to 5 or more years and yields ranging from 0.84% to 2.5%. The market value at December 31, 2023 is \$209,282,447 (2022 - \$143,058,093).

(i) Included in Debentures and other is \$1,909,229 (2022 - \$2,013,919) of the District's own Debentures (issued by the District of Muskoka) with a face value of \$1,854,000 (2022 - \$1,943,000).

5. Long-Term Receivables

	2023	2022
Debt for which lower tier municipalities and municipal enterprises have assumed responsibility at terms equal to those described in Note 8	\$ 72,572,364	\$ 50,822,331

All of the above receivables, net of an impairment allowance of \$NIL (2022 - \$NIL) related to municipal debt obtained by the District on behalf of the lower-tier municipalities.

**The District Municipality of Muskoka
Notes to Consolidated Financial Statements**

December 31, 2023

6. Employee Future Benefits Payable

Workplace Safety and Insurance Board

The District self-insures its employees under schedule 2 of the WSIB. The District employees at the Pines Long Term Care facility are insured under schedule 1 of the WSIB.

Within the Workers Compensation & Employee Self-Insured Benefits reserve in Note 11, the District has set aside funds of \$6,308,118 (2022 - \$6,027,734) to fund future liabilities.

The liability reported in the consolidated statement of financial position is the result of a 2023 actuarial update that estimated potential liabilities of the District under the provisions of the Workplace Safety and Insurance Act.

Actuarial assumptions adopted in the valuation include an average discount rate of 4.5% (2022 - 2.75%) and Consumer Price index of 2.00% (2022 - 1.75%).

The results of the actuarial valuation are as follows:

	2023	2022
WSIB Liability		
Accrued benefit obligation at January 1	\$ 1,704,652	\$ 1,455,816
Add:		
Benefit/service cost	1,022,065	423,681
Interest	49,601	42,867
Less: expected benefit payments	(236,981)	(217,712)
Expected accrued benefit obligation at December 31	\$ 2,539,337	\$ 1,704,652

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

7. Asset Retirement Obligations

As disclosed in Note 1, The District applied the new public sector accounting standard PS 3280, Asset Retirement Obligations, on January 1, 2023 using the modified retroactive method with restatement. Asset retirement obligations were recognized related to the remediation required for asbestos present in twenty-three municipal buildings, the planned decommissioning of the Mountview Waste Water Treatment Plant, 68.58 kilometres of sewer mains, 11.28 kilometres of water mains, and the closure and post-closure costs associated with the District's active and closed landfill sites. As at year end, an obligation of \$33,907,625 has been recognized on the consolidated statement of financial position. This amount was determined based on total undiscounted expenditures of \$44,178,657 present valued at a discount rate of 5%. The expected timing of remediation on the above noted assets are as follows:

Buildings with asbestos	22 - 30 years
Water and sewer mains	22 - 27 years
Landfills	20 - 42 years
Wastewater treatment plant	2 years

Payment to settle the asset retirement obligations related to the buildings with asbestos will occur at the end of their useful lives. Payment to settle water and sewer mains will occur at the end of their useful lives in 22 to 27 years. Payment to settle the wastewater treatment plant will occur at the end of the plant's useful life in 2 years. Payment to settle the asset retirement obligations related to the District's active landfill will occur at regular intervals throughout its remaining useful life of 17 years. Monitoring costs for all closed landfills is for a period of 25 years.

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

The continuity of the Asset Retirement Obligations are as follows:

Balance, January 1, 2022	\$ 32,495,692
Accretion expense	1,624,785
Cash outlays for the closure and post closure of landfill liabilities	(403,665)
Balance, December 31, 2022	\$ 33,716,811
Accretion expense	1,684,103
Cash outlays for the closure and post closure of landfill liabilities	(1,493,289)
Balance, December 31, 2023	\$ 33,907,625

**The District Municipality of Muskoka
Notes to Consolidated Financial Statements**

December 31, 2023

8. Municipal Debt

The balance of municipal debt reported on the consolidated statement of financial position is made up of the following:

	2023	2022
Total municipal debt incurred on behalf of the District, other municipalities and municipal enterprises outstanding at year end.	\$ 102,782,075	\$ 84,872,137
Less: Debt for which other municipalities and municipal enterprises have assumed responsibility for at same terms as the related debt.	(72,572,364)	(50,822,331)
	\$ 30,209,711	\$ 34,049,806

The above municipal debt matures between November 2024 and June 2053 and bears interest between 1.8% and 6.0% per annum with semi-annual payments between \$53,070 and \$787,065.

Municipal debt payments for the next five years and thereafter are due as follows:

2024	\$	3,713,640
2025		2,858,760
2026		2,465,287
2027		4,349,544
2028		4,349,544
Thereafter		12,472,936
	\$	30,209,711

The municipal debt issued in the name of the District has received approval of the Ontario Municipal Board on or before December 31, 1992. Issues after that date have received appropriate approvals from Council. The annual principal and interest payments required to service these liabilities of the District are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Interest expense on the municipal debt amounted to \$2,081,902 (2022 - \$1,747,976).

**The District Municipality of Muskoka
Notes to Consolidated Financial Statements**

December 31, 2023

9. Mortgages Payable

The balance of mortgages payable reported on the consolidated statement of financial position is made up of the following:

	2023	2022
Gravenhurst - Lofty Pines, payable \$14,739 monthly including interest at 1.86%, renewal date of April 1, 2024 which will have a balance of \$844,066 remaining to be paid.	\$ 897,599	\$ 1,056,244
Huntsville - Sabrina Park, payable \$17,099 monthly including interest at 2.45%, maturity date of March 1, 2027.	640,499	827,593
	\$ 1,538,098	\$ 1,883,837

The mortgages payable represent the amount owing on the properties owned by the Muskoka Municipal Non-Profit Housing Corporation. All mortgages are secured by a first mortgage on the land and building they relate to. It is assumed the mortgage will have the same terms upon renewal for the purposes of calculating future mortgage payments.

Mortgage payments for the next four years are due as follows:

2024	\$ 1,089,305
2025	196,431
2026	201,273
2027	51,089
	\$ 1,538,098

The District Municipality of Muskoka
Notes to Consolidated Financial Statements

December 31, 2023

10. Tangible Capital Assets

	(Restated - See Note 1) Cost, beginning of year	Additions	Disposals	Cost, end of year	(Restated - See note 1) Accumulated amortization, beginning of year	Additions	Disposals	Accumulated amortization end of year	Net carrying amount
General Capital Assets									
Land	\$ 5,387,516	\$ -	\$ -	\$ 5,387,516	\$ -	\$ -	\$ -	\$ -	\$ 5,387,516
Site improvements	57,920,981	327,809	(249,089)	57,999,701	46,114,444	1,561,044	(249,089)	47,426,399	10,573,302
Structures	41,825,241	808,504	(552,770)	42,080,975	15,135,840	1,026,853	(324,668)	15,838,025	26,242,950
Leasehold improvements	3,237,638	-	-	3,237,638	2,682,740	141,626	-	2,824,366	413,272
Equipment	35,671,888	1,934,080	(591,025)	37,014,943	21,523,540	2,143,367	(516,445)	23,150,462	13,864,481
Fleet	11,226,899	3,977,418	(1,757,031)	13,447,286	6,677,209	1,180,277	(1,658,000)	6,199,486	7,247,800
	155,270,163	7,047,811	(3,149,915)	159,168,059	92,133,773	6,053,167	(2,748,202)	95,438,738	63,729,321
Infrastructure Assets									
Roads	362,963,058	26,692,647	(681,240)	388,974,465	208,985,592	13,171,768	(681,240)	221,476,120	167,498,345
Airport	28,256,340	140,950	-	28,397,290	14,592,340	599,948	-	15,192,288	13,205,002
Locks	6,606,807	-	-	6,606,807	1,941,580	178,112	-	2,119,692	4,487,115
Water	246,060,568	4,072,646	(921,709)	249,211,505	119,990,958	5,606,259	(824,620)	124,772,597	124,438,908
Wastewater	321,379,847	3,621,670	(524,456)	324,477,061	165,570,197	7,546,947	(518,232)	172,598,912	151,878,149
Lagoons	7,690,656	-	-	7,690,656	5,992,745	225,714	-	6,218,459	1,472,197
	972,957,276	34,527,913	(2,127,405)	1,005,357,784	517,073,412	27,328,748	(2,024,092)	542,378,068	462,979,716
Construction in progress									
	34,967,709	23,303,866	(14,563,594)	43,707,981	-	-	-	-	43,707,981

**The District Municipality of Muskoka
Notes to Consolidated Financial Statements**

December 31, 2023

10. Tangible Capital Assets (continued)

	(Restated - See Note 1) Cost, beginning of year	Additions	Disposals	Cost, end of year	(Restated - See Note 1) Accumulated amortization, beginning of year	Additions	Disposals	Accumulated amortization, end of year	Net carrying amount
Non-profit Housing Land and Buildings									
Gravenhurst									
- Lofty Pines	2,960,077	-	-	2,960,077	2,960,077	-	-	2,960,077	-
Gravenhurst									
- The Ridge	3,811,805	-	-	3,811,805	2,755,561	158,646	-	2,914,207	897,598
Huntsville	3,766,569	-	-	3,766,569	2,938,978	187,094	-	3,126,072	640,497
Bracebridge - 100									
Oakwood Heights	1,113,496	-	-	1,113,496	1,113,496	-	-	1,113,496	-
Bracebridge - 200									
Oakwood Heights	1,291,648	-	-	1,291,648	1,291,648	-	-	1,291,648	-
Bracebridge									
- 1 Cambrian Court	3,074,031	-	-	3,074,031	1,373,939	64,154	-	1,438,093	1,635,938
	16,017,626	-	-	16,017,626	12,433,699	409,894	-	12,843,593	3,174,033
Year ended									
December 31, 2023	\$ 1,179,212,774	\$ 64,879,590	\$ (19,840,914)	\$ 1,224,251,450	\$ 621,640,884	\$ 33,791,809	\$ (4,772,294)	\$ 650,660,399	\$ 573,591,051
Restated, Year ended									
December 31, 2022	\$ 1,146,905,708	\$ 47,583,462	\$ (15,276,396)	\$ 1,179,212,774	\$ 590,897,532	\$ 32,903,789	\$ (2,160,435)	\$ 621,640,886	\$ 557,571,888

The net book value of tangible capital assets not being amortized because they are under construction is \$43,707,981 (2022 - \$34,967,709).

There were contributed capital assets of \$758,515 (2022 - \$1,499,652). Contributed capital assets are recorded at fair value. No capital assets are recognized at nominal value in the consolidated financial statements.

The District owns various works of art created by local artists which are displayed at various District owned facilities. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

The District Municipality of Muskoka
Notes to Consolidated Financial Statements

December 31, 2023

11. Accumulated Surplus

The District segregates its accumulated surplus in the following categories:

	2023	(Restated - see Note 1) 2022
Reserves set aside by Council		
Working fund	\$ 2,051,506	\$ 2,130,133
Tax stabilization	2,451,820	2,466,820
General government	2,669,296	4,141,757
Fairvern debt reserves	515,114	-
	7,687,736	8,738,710
Reserve funds set aside by Council		
Workers compensation and employee self-insured benefits	8,863,673	8,548,761
General government	40,539,032	45,441,362
Roads	37,446,157	33,719,296
Sewer	53,569,124	44,294,269
Water	13,848,703	14,388,195
Waste disposal	16,462,815	15,185,744
Health services	6,557,888	5,162,370
Social and family services	4,979,297	5,114,657
Social housing	4,946,846	4,714,856
Planning and development	566,164	716,215
Airport, locks, active transportation	6,013,051	4,903,109
Affordable housing	5,903,215	5,229,435
Muskoka services investment	653,901	587,421
Other housing	3,810,782	3,120,871
	204,160,648	191,126,561
Total reserves and reserve funds	211,848,384	199,865,271
Endowment funds	29,471	28,116
Surpluses:		
Investment in tangible capital assets	573,591,051	557,571,888
Unfinanced tangible capital assets	(428,926)	-
Surplus adjustment from other housing	111,420	111,420
Amalgamation of Huntsville District Nursing Home Inc.	(389,637)	(389,637)
Unfunded:		
Asset retirement obligations	(33,907,625)	(33,716,811)
Employee future benefits payable	(2,539,337)	(1,704,652)
Municipal debt (net of long-term municipal receivables)	(30,209,710)	(34,049,806)
Mortgages payable	(1,538,098)	(1,883,837)
	504,689,138	485,938,565
Accumulated surplus	\$716,566,993	\$ 685,831,952

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

12. Budget

The Rate Support Budget was adopted by Council on February 21, 2023 and confirming by-law 2023-08 was passed on the same date. The Tax Support Budget was adopted by Council on March 20, 2023 and confirming by-law 2023-18 was passed on the same date. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. Council has reviewed and approved the 2023 Report on Excluded Expenses as required by Ontario Regulation 284/09 which expressly permits municipalities to exclude amortization expense from the budget. The budget approved by council includes budgeted transfers from prior year's reserves and reduction of long-term debt. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on February 21, 2023 and March 20, 2023 with adjustments as follows:

	Revenues	Expenses	Surplus
Council approved budget			
Operating	\$ 213,519,715	\$ 213,519,715	-
Capital	71,573,384	71,573,384	-
Total Council approved budget	285,093,099	285,093,099	-
Add:			
Amortization expense	-	35,400,895	(35,400,895)
Other	1,317,063	-	1,317,063
Less:			
Transfers from reserve funds	(65,433,154)	-	(65,433,154)
Transfers to reserve funds	-	(47,317,706)	47,317,706
Tangible capital assets	-	(62,812,731)	62,812,731
Debt principal repayments	-	(4,005,921)	4,005,921
Net landfill obligation accruals	-	(1,638,100)	1,638,100
Other	-	(2,714,224)	2,714,224
Adjusted budget	\$ 220,977,008	\$ 202,005,312	\$ 18,971,696

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2023 budget amounts for the District approved by Council have been restated to conform to the basis of preparation of the revenues and expenses on the consolidated statement of operations.

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

13. Provincial Offences Administration (POA)

The Ministry of the Attorney General requires all municipal partners administering Provincial Offences Administration to disclose in the year end audited consolidated financial statements a note on the gross and net provincial offences revenues earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding (MOU) for its 2023 fiscal year with comparative figures for the year 2022:

	2023	2022
Revenue		
Court fines	\$ 705,475	\$ 899,265
Expenses		
Computer services	31,230	15,923
Court costs	10,868	1,762
Office expenses	111,507	136,881
Prosecution expenses	239,978	203,130
Rent	54,245	54,245
Salaries and benefits	445,039	397,872
Travel	7,136	4,355
	900,003	814,168
(Deficit) Surplus	\$ (194,528)	\$ 85,097

The total provincial offences fine receivables of \$10,341,353 (2022 - \$10,250,784) are not included in the consolidated financial statements or the condensed financial information above. This total includes the portion that would be owed to the province.

14. Contingencies

As a part of the ongoing operations of the District, claims requesting damages are filed against the District. The ultimate outcome and/or estimate of dollar amounts of these claims are not determinable at the time of issue of these consolidated financial statements. As such no provision for these claims has been recorded in these consolidated financial statements. Any settlements, in excess of applicable insurance, would be reflected in the period in which settlements outcome becomes known with more certainty and the respective dollar amounts are more reasonably estimated.

The District has a contingent liability (on default) for the mortgages on municipal non-profit, co-operatives and not-for-profit housing corporations for which it is assigned responsibility as service manager by the Act. The amount outstanding on the mortgage is \$974,689 (2022 - \$2,016,148).

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

15. Post Retirement Benefits

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 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 District does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the District to OMERS for 2023 were \$4,169,014 (2022 - \$3,629,703).

The District makes contributions of 9% (2022 - 9%) of a qualifying employee's salary up to \$66,600 (2022 - \$61,600) and 14.6% (2022 - 14.6%) thereafter.

16. Trust Funds

Trust funds administered by the District for The Pines LTC residents amount to \$13,210 (2022 - \$12,524) and Huntsville District Nursing Home residents amount to \$54,195 (2022 - \$55,121). These amounts have been included in the consolidated statement of financial position.

17. Subsequent Event

On June 3, 2024 the District received a letter from the Ministry of Health and Long-Term Care, dated May 31, 2024, providing a reconciliation of the 2020 Annual Report, for the former Huntsville District Nursing Home Inc. Results of the reconciliation indicate a recovery back to the Ministry. Staff are following up with the Ministry and have until July 30, 2024 to confirm the recovery amount or submit adjustments for the period covered. As a result, the District cannot confirm the amount at this time.

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

18. Segmented Information

The District Municipality of Muskoka is an upper-tier municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General government

General government revenues and expenses are related to the governance and operations of the District itself and cannot be directly attributed to another specific segment.

Protection to persons and property

Protection provides policing, POA court administration and the emergency management program.

Transportation services

Transportation services administer, upgrade, maintain and plan for future requirements for the District road system and the operation of the Muskoka Airport and Port Carling locks.

Environmental services

Environmental services consist of waste management for the District and the operations of the water and wastewater systems in the urban areas of Muskoka.

Health services

Health services include the cost of the provision of public health services through the Simcoe Muskoka District Health Unit, land ambulance services, hospital capital grants and administration of health link programming.

The District Municipality of Muskoka Notes to Consolidated Financial Statements

December 31, 2023

18. Segmented Information (continued)

Social and family services

Community services administer and deliver community services for the District including the Ontario Works program, various children's services, homelessness prevention programs, assistance to elderly persons and physically disabled adults and two long-term care facilities.

Social housing services

Housing services administer and deliver housing services for the District, including maintaining the centralized waiting list for subsidized housing, managing and operating the District owned properties, administering the rent supplement program and funding and administering the non-profit, co-operative, municipal and federal housing programs in the District.

Planning and development services

Planning and development services include responsibility for the District Official Plan and for the economic development services for the District.

Allocation methods

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are not directly attributable to one segment have been allocated as described below:

- a) Requisition of Area Municipalities (Taxation) have been allocated by percentage based on the approved budget for each segment. There is an allocation of the general levy as well as specific levies for wastewater, water and solid waste. The levies for wastewater, water and solid waste are included under Environment. The health services levy and hospital financing levy are included under the Health segment
- b) Interdepartmental charges are calculated based on estimates of support costs for services to other departments for services such as accounting and based on actual services rendered for services like fleet and communications.

The District Municipality of Muskoka
Notes to Consolidated Financial Statements

December 31, 2023

18. Segmented Information (continued)

For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social and family services	Social Housing	Planning	2023 Total
Revenue									
Requisition on area municipalities	\$10,441,355	\$15,646,124	\$33,414,744	\$32,194,106	\$10,147,075	\$11,501,497	\$ 3,768,432	\$ 2,346,809	\$ 119,460,142
User charges	1,754,354	191,030	3,223,641	24,318,097	390,685	6,524,612	3,260,829	74,696	39,737,944
Government transfers	356,634	231,377	-	2,485,850	7,441,581	46,069,733	403,696	1,572,275	58,561,146
Investment income	3,555,614	-	1,975,682	3,466,165	249,226	685,703	261,447	22,808	10,216,645
Federal gas tax	-	-	3,486,428	243,922	-	-	-	-	3,730,350
Provincial gas tax	-	-	-	-	-	36,596	-	-	36,596
Ontario Community Infrastructure Fund	80,000	-	-	3,554,595	-	-	-	-	3,634,595
Developer charges	-	-	1,353,455	772,321	-	-	-	-	2,125,776
Provincial Offences Act	-	705,475	-	-	-	-	-	-	705,475
Other	5,252	-	7,423,945	1,114,648	-	324,532	-	-	8,868,377
Gain (loss) on disposal of tangible capital assets	120,676	-	-	(175,640)	-	(534)	-	(228,102)	(283,600)
	16,313,885	16,774,006	50,877,895	67,974,064	18,228,567	65,142,139	7,694,404	3,788,486	246,793,446
Expenses									
Salaries and benefits	9,377,742	641,580	3,292,799	8,447,978	12,862,454	29,226,452	1,001,267	1,666,848	66,517,120
Materials	3,302,744	23,648	3,370,187	6,604,492	802,073	3,579,943	1,557,735	82,777	19,323,599
Contracted services	6,127,003	16,045,891	16,519,215	20,604,801	464,967	11,470,284	2,872,092	1,758,447	75,862,700
Financial	214,262	27,511	25,807	1,725,189	530,264	365,574	100,593	-	2,989,200
Transfers to others	30,720	19,002	6,130	118,778	2,089,213	12,764,602	595,637	346,945	15,971,027
Debt services	-	-	-	1,507,437	-	59,824	35,688	-	1,602,949
Amortization of tangible capital assets	2,233,596	-	13,949,828	15,135,060	521,966	1,368,033	576,417	6,910	33,791,810
Interdepartmental charges	(8,811,178)	329,921	1,425,837	4,524,719	419,501	1,578,867	247,273	285,060	-
	12,474,889	17,087,553	38,589,803	58,668,454	17,690,438	60,413,579	6,986,702	4,146,987	216,058,405
Annual surplus (deficit)	\$ 3,838,996	\$ (313,547)	\$12,288,092	\$ 9,305,610	\$ 538,129	\$ 4,728,560	\$ 707,702	\$ (358,501)	\$30,735,041

The District Municipality of Muskoka
Notes to Consolidated Financial Statements

December 31, 2023

18. Segmented Information (continued)

									(Restated - See Note 1) 2022
For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social and family services	Social Housing	Planning	Total
Revenue									
Requisition on area municipalities	\$ 9,654,153	\$15,622,212	\$32,234,364	\$30,327,549	\$ 9,143,965	\$ 9,969,413	\$ 3,363,990	\$ 2,206,927	\$112,522,573
User charges	1,368,830	180,167	2,972,088	24,373,667	231,369	5,966,303	3,142,772	72,351	38,307,547
Government transfers	238,300	224,723	-	2,399,603	7,297,909	37,728,987	720,551	2,728,945	51,339,018
Investment income	2,009,438	-	819,714	943,047	441,364	438,488	148,935	17,360	4,818,346
Federal gas tax	-	-	-	433,758	-	-	-	-	433,758
Provincial gas tax	-	-	-	-	-	42,698	-	-	42,698
Ontario Community Infrastructure Fund	80,000	-	-	662,187	-	-	-	-	742,187
Developer charges	-	-	1,922,277	2,578,213	-	-	-	-	4,500,490
Provincial Offences Act	-	899,265	-	-	-	-	-	-	899,265
Other	8,739	-	7,772,815	1,449,543	7,500	1,062,657	-	-	10,301,254
Gain (loss) on disposal of tangible capital assets	71,774	-	(50,469)	(81,509)	-	(19,101)	-	-	(79,305)
	13,431,234	16,926,367	45,670,789	63,086,058	17,122,107	54,126,788	7,376,248	5,025,583	223,827,831
Expenses									
Salaries and benefits	8,512,849	615,833	2,763,024	8,493,788	11,803,681	24,845,678	963,590	1,612,603	59,611,046
Materials	2,456,022	40,785	3,539,453	5,456,697	951,360	3,177,719	1,551,664	31,372	17,205,072
Contracted services	5,553,152	15,904,541	16,033,622	16,635,339	659,965	9,309,829	3,066,472	2,785,532	69,948,452
Financial	157,560	28,218	23,023	1,690,389	504,244	331,569	154,283	-	2,889,286
Transfers to others	58,160	18,917	2,000	87,751	1,611,084	11,446,422	851,114	340,945	14,416,393
Debt services	-	-	-	1,644,500	-	103,476	43,131	-	1,791,107
Amortization of tangible capital assets	1,913,042	-	13,378,711	15,267,106	456,833	1,229,275	644,981	13,819	32,903,767
Interdepartmental charges	(8,254,988)	290,802	1,295,202	4,304,897	494,983	1,423,893	199,554	245,657	-
	10,395,797	16,899,096	37,035,035	53,580,467	16,482,150	51,867,861	7,474,789	5,029,928	198,765,123
Annual surplus (deficit)	\$ 3,035,437	\$ 27,271	\$ 8,635,754	\$ 9,505,591	\$ 639,957	\$ 2,258,927	\$ (98,541)	\$ (4,345)	\$25,062,708