

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Oro-Medonte are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Oro-Medonte. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Randall T Greenlaw

Mayor

Shannon Johnson

Chief Financial Officer /
Treasurer

April 9, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Oro-Medonte

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Oro-Medonte (the Township), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, change 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 Township as at December 31, 2023, and the results of its consolidated 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 Township 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN 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.

Peterborough

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Lindsay

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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 Township'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 Township'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 Township 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 consolidated financial information of the entities or business activities within the Township 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 30, 2025



CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash (note 2)	29,655,275	25,840,665
Investments (note 3)	10,738,216	10,445,435
Trade and other receivable	4,253,310	5,287,058
Taxes receivable	4,518,143	4,473,468
TOTAL FINANCIAL ASSETS	49,164,944	46,046,626
LIABILITIES		
Accounts payable and accrued liabilities	11,682,960	11,726,866
Deferred revenue - obligatory reserve funds (note 5)	5,164,309	7,061,150
Deferred revenue - other	216,433	215,037
Long term debt (note 7)	11,488,367	13,116,701
Asset retirement obligation (note 17)	1,975,899	-
Employee future benefits payable (note 6)	250,800	237,000
TOTAL LIABILITIES	30,778,768	32,356,754
NET FINANCIAL ASSETS	18,386,176	13,689,872
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	101,316,160	95,128,885
Other current assets	520,010	465,705
Prepaid expenses	413,695	409,382
TOTAL NON-FINANCIAL ASSETS	102,249,865	96,003,972
ACCUMULATED SURPLUS (note 11)	120,636,041	109,693,844

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Property taxation	26,070,752	26,401,949	24,158,412
User charges	5,712,054	5,957,091	6,039,114
Government of Canada	80,000	104,826	112,644
Province of Ontario	1,702,629	2,269,468	2,418,073
Other municipalities	53,800	92,723	265,750
Penalties and interest on taxes	490,000	686,943	471,445
Investment income	545,070	1,936,193	709,570
Donations	-	-	225,000
Contributed tangible capital assets (note 9)	-	900,000	-
Development charges earned (note 5)	12,742,801	2,313,484	1,584,702
Parkland fees earned (note 5)	-	-	300,676
Canada Community-Building Fund earned (note 5)	667,000	1,100,950	949,456
Gain/(loss) on disposal of tangible capital assets	-	25,963	(483,222)
TOTAL REVENUES	48,064,106	41,789,590	36,751,620
EXPENSES			
General government	6,170,521	5,917,071	6,162,930
Protection services	8,141,368	7,667,474	7,413,263
Transportation services	10,927,526	9,963,961	9,652,233
Environmental services	3,147,750	3,333,306	3,208,968
Recreation and cultural services	3,211,630	2,594,445	2,489,923
Planning and development	1,373,418	1,371,136	1,388,469
TOTAL EXPENSES	32,972,213	30,847,393	30,315,786
ANNUAL SURPLUS	<u>15,091,893</u>	10,942,197	6,435,834
ACCUMULATED SURPLUS - beginning of year		109,693,844	103,258,010
ACCUMULATED SURPLUS - end of year		120,636,041	109,693,844

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	15,091,893	10,942,197	6,435,834
Amortization of tangible capital assets	5,365,005	5,914,811	5,365,005
Purchase of tangible capital assets	(16,426,573)	(9,227,187)	(11,082,536)
Loss/(gain) on disposal of tangible capital assets	-	(25,963)	483,222
Proceeds on sale of tangible capital assets	-	26,963	8,431
Contributed tangible capital assets	-	(900,000)	-
Change in other current assets	-	(54,305)	15,244
Change in prepaid expenses	-	(4,313)	33,305
INCREASE IN NET FINANCIAL ASSETS	4,030,325	6,672,203	1,258,505
NET FINANCIAL ASSETS - beginning of year	13,689,872	13,689,872	12,431,367
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 20)	-	(1,975,899)	-
NET FINANCIAL ASSETS - beginning of year, as restated	13,689,872	11,713,973	12,431,367
NET FINANCIAL ASSETS - end of year	17,720,197	18,386,176	13,689,872

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	10,942,197	6,435,834
Items not involving cash		
Amortization of tangible capital assets	5,914,811	5,365,005
Loss/(gain) on disposal of tangible capital assets	(25,963)	483,222
Contributed tangible capital assets	(900,000)	-
Change in employee future benefits payable	13,800	(45,882)
Change in non-cash assets and liabilities		
Trade and other receivable	1,033,748	(2,194,780)
Taxes receivable	(44,675)	(396,942)
Other current assets	(54,305)	15,244
Prepaid expenses	(4,313)	33,305
Accounts payable and accrued liabilities	(43,906)	1,709,537
Deferred revenue - obligatory reserve funds	(1,896,841)	(934,717)
Deferred revenue - other	1,396	(79,360)
Net change in cash from operating activities	14,935,949	10,390,466
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(9,227,187)	(11,082,536)
Proceeds on disposal of tangible capital assets	26,963	8,431
Net change in cash from capital activities	(9,200,224)	(11,074,105)
INVESTING ACTIVITIES		
Purchase of investments	(4,936,438)	(187,436)
Proceeds from matured investments	4,643,657	-
Net change in cash from investing activities	(292,781)	(187,436)
FINANCING ACTIVITIES		
Long term debt issued	-	1,600,000
Debt principal repayments	(1,628,334)	(1,302,157)
Net change in cash from financing activities	(1,628,334)	297,843
NET CHANGE IN CASH	3,814,610	(573,232)
CASH - beginning of year	25,840,665	26,413,897
CASH - end of year	29,655,275	25,840,665

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

The Township of Oro-Medonte is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Township of Oro-Medonte.

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) 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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10-60 years
Buildings	15-85 years
Vehicles	3-40 years
Equipment	5-40 years
Infrastructure	6-100 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

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

Government funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Canada Community-Building Fund, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(e) Reserves and Reserve Funds

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

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(g) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values;
- The values of employee future benefit obligations and the amount of employee future benefits charged to operations depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

In addition, the Township's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

(h) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The liability for the removal of asbestos in several of the buildings owned by the Township has been recognized based on estimated future expenses as well as a liability for the closure and remediation of the gravel pits, stormwater ponds, storage tanks and other assets.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (b).

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Amortized Cost
Trade and other receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

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

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

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

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. CASH

Cash consists of the following:

	2023	2022
	\$	\$
Unrestricted	25,225,717	21,632,224
Restricted	4,429,558	4,208,441
	29,655,275	25,840,665

3. INVESTMENTS

Investments, stated at amortized cost, consist of the following:

	2023	2022
	\$	\$
RBC Dominion Securities	10,738,216	10,445,435

Investments consist of cash and fixed income GICs maturing between 2024 and 2028 earning interest at 1.190% to 5.680% per annum. Investments are recorded at cost plus accrued interest which approximates their market value.

4. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2023, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	9,926,241	15,022,121

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. 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 Township are summarized below:

	2023	2022
	\$	\$
Development charges	3,270,978	4,565,180
Parkland	871,418	857,418
Main Street Revitalization	1,750	1,750
Canada Community-Building Fund	158,023	544,784
Building Code Act	862,140	1,092,018
	5,164,309	7,061,150

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	7,061,150	7,995,867
Add amounts received:		
Development charges	1,019,282	1,293,917
Parkland	14,000	34,165
Main Street Revitalization	-	33
Canada Community-Building Fund	696,167	685,032
Building Code Act	20,000	-
Interest	18,022	-
	1,767,471	2,013,147
Less transfer to operations:		
Development charges	2,313,484	1,584,702
Parkland	-	300,676
Main Street Revitalization	-	272
Canada Community-Building Fund	1,100,950	949,456
Building Code Act	249,878	112,758
	3,664,312	2,947,864
Balance - end of year	5,164,309	7,061,150

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. EMPLOYEE FUTURE BENEFITS PAYABLE

The Township provides certain employee future benefits that will require funding in the future periods.

	2023	2022
	\$	\$
Accrued benefit obligation	226,500	207,800
Unamortized actuarial gain	24,300	29,200
Liability at December 31	250,800	237,000

The Township sponsors benefit plans to pay the costs of medical and dental benefits for certain eligible senior management employees after they retire and for their eligible dependents. All benefits are provided upon retirement and continue to the age of 65, at which time the benefits cease. The plans are not funded by the Township until the plan premiums are paid.

The actuarial valuation as at December 31, 2022 was based on a number of assumptions about future events, such as discount rate, weighted average health care trend rates, and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which is 6 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	4.60%
Weighted average health care trend rate - initial 2022	7.25%
- ultimate	5.00%
- year ultimate reached	2043
Weighted average dental care trend rate - initial 2022	6.65%
- ultimate	5.00%
- year ultimate reached	2033

The employee future benefits expense is reported on the Consolidated Statement of Operations and Accumulated Surplus and is comprised of the following:

	2023	2022
	\$	\$
Current year benefit costs	20,900	22,900
Interest costs	10,200	6,900
Recognition of transitional obligation	-	(75,682)
Amortization of actuarial gain	(4,900)	-
Contributions by employer	(12,400)	-
Annual expense	13,800	(45,882)

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

7. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2023 \$	2022 \$
OILC debenture, interest at 4.24%, repayable in blended semi-annual payments of \$179,243 to 2027	1,306,274	1,600,000
OIPC debenture, interest of 1.91%, repayable in blended semi-annual payments of \$358,570 to 2031	4,988,940	5,601,994
OILC debenture, interest of 2.74%, repayable in blended semi-annual payments of \$158,131 to 2024	309,879	611,438
OILC debenture, interest of 2.54%, repayable in blended semi-annual payments of \$59,458 to 2026	341,412	449,591
OILC debenture, interest of 2.76%, repayable in blended semi-annual payments of \$63,315 to 2027	476,459	587,632
OILC debenture, interest of 3.64%, repayable in blended semi-annual payments of \$177,058 to 2038	4,065,403	4,266,046
	11,488,367	13,116,701

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) The Township acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2023 is \$246,797 (2022 - \$181,784). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Operations and Accumulated Surplus Change in Net Financial Assets and Cash Flows.
- (d) Interest paid during the year on long term debt amounted to \$355,135 (2022 - \$330,906).

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

7. LONG TERM DEBT, continued

(e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2024	1,674,229	317,319	1,991,548
2025	1,403,119	272,168	1,675,287
2026	1,443,121	232,166	1,675,287
2027	1,364,729	191,642	1,556,371
2028	914,482	156,774	1,071,256
2029 and subsequent years	4,688,687	645,324	5,334,011
	11,488,367	1,815,393	13,303,760

8. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	14,203,546	12,940,578	12,445,233
Interest charges	363,224	355,135	337,555
Materials	6,869,398	5,438,778	5,801,150
Contracted services	5,689,792	5,703,517	5,886,289
External transfers	481,248	494,574	480,554
Amortization	5,365,005	5,914,811	5,365,005
	32,972,213	30,847,393	30,315,786

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

9. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2023	2022
	\$	\$
General		
Land	10,945,014	10,201,289
Land improvements	576,195	640,908
Buildings	14,735,161	10,790,162
Vehicles	5,499,263	6,357,029
Equipment	6,195,142	5,843,819
Infrastructure		
Infrastructure	59,323,672	57,359,900
	97,274,447	91,193,107
Assets under construction	4,041,713	3,935,778
	101,316,160	95,128,885

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

During the year, the Township was contributed a property containing a garage from the County of Simcoe with a fair market value of \$900,000. This was allocated as \$300,000 for buildings and \$600,000 for land.

	2023	2022
	\$	\$
General government	33,450,458	27,535,359
Transportation services	40,500,828	39,720,108
Environmental services	21,465,941	25,721,078
Protection services	4,772,850	962,065
Recreation and cultural services	841,841	901,185
Planning and development	284,242	289,090
	101,316,160	95,128,885

10. BUDGET FIGURES

The budget, approved by the Township, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

11. ACCUMULATED SURPLUS

	2023	2022
	\$	\$
Surplus/(Deficit)		
Township	5,324,792	387,563
Unfunded employee future benefits	(250,800)	(237,000)
	5,073,992	150,563
Invested In Capital Assets		
Tangible capital assets - net book value	101,316,160	95,128,885
Long term debt	(11,488,367)	(13,116,701)
Unexpended capital financing	-	1,153,095
Unfunded asset retirement obligations	(1,975,899)	-
	87,851,894	83,165,279
Surplus	92,925,886	83,315,842
Reserves		
Insurance	1,323,509	1,133,509
Water systems	9,955,252	8,175,824
Community halls	145,805	145,805
Acquisition of capital assets	10,025,517	11,235,849
Working funds	6,260,072	5,687,015
Total Reserves	27,710,155	26,378,002
	120,636,041	109,693,844

12. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets 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 Township does not recognize any share of the OMERS pension surplus or deficit.

Township contributions to OMERS during the year amounted to \$864,797 (2022 - \$818,244). These contributions, which match the employees' contributions, for current service, are expensed during the year.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

13. CONTINGENCIES

The Township, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

During 1991, the County of Simcoe assumed the waste management of the Township pursuant to provincial legislation. In connection therewith, the Township transferred the property and related assets utilized in its waste management activities to the County. The legislation provides for financial adjustments to be made between the Township and County with respect to the transfer of these activities, the property and related assets. Settlements were reached for the related assets in prior years. Negotiations remain unresolved and indeterminate regarding the landfill sites and gravel pit property. Settlements will be reflected in the periods in which the settlements occur.

14. GOVERNMENT PARTNERSHIP

The Township of Oro-Medonte is one of eight partner municipalities in the Severn Sound watershed supporting the Severn Sound Environmental Association (SSEA). The Township of Oro-Medonte's pro-rata share of the accumulated surplus of SSEA for 2023 of \$126,418 (2022 - \$89,135) has not been consolidated in the financial statements. In 2023, the Township contributed \$114,646 (2022 - \$110,166) to the SSEA and this is reported in the protection services expenses on the Consolidated Statement of Operations and Accumulated Surplus.

15. MUNICIPAL SERVICE CORPORATIONS

Pursuant to Ontario regulation 599/06 of the Municipal Act, 2001, the Township incorporated two new municipal service corporations: Oro-Medonte Holdings Corp. and Oro-Medonte Utilities Corp. on January 1, 2020. The corporations are currently inactive in contemplation of transfer of assets related to Environmental Services in 2025. The new corporations will be responsible for the ownership, operation, maintenance and funding of the Township's drinking water, communal tile beds and wastewater services.

16. FINANCIAL INSTRUMENTS

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the Township has interest rate exposure on its investments. This exposure is low as the investments are invested in guaranteed investment certificates with short-term fixed rates.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to the Township is low and is not material.

In the opinion of management, the Township is not exposed to any significant currency, fair value or liquidity risk.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

17. ASSET RETIREMENT OBLIGATION

The Township's asset retirement obligation consists of the following:

(a) Gravel pits

The Township owns and operates gravel pits. The liability for the closure of these sites and the costs to return the property to its original state has been recognized under PS 3280 - Asset Retirement Obligations. The costs were based on presently known obligations that will exist at the estimated year of closure of the sites.

(b) Asbestos obligation

The Township owns several buildings that are known to have asbestos, which represents a health hazard upon demolition of the buildings and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Township recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023.

(c) Other

The Township owns and operates septic systems, wells, storm water ponds and communal tile beds. The liability for the closure of these sites and the costs to return the property to its original state has been recognized under PS 3280 – Asset Retirement Obligations.

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Gravel pits \$	Asbestos removal \$	Other \$	Total \$
Opening balance - January 1, 2023	-	-	-	-
Adjustment on adoption of the asset retirement obligation standard	116,436	930,897	928,566	1,975,899
Opening balance, as restated	116,436	930,897	928,566	1,975,899
Closing balance	116,436	930,897	928,566	1,975,899

18. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The restatement did not affect the prior year annual surplus.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

19. SEGMENTED INFORMATION

The Township of Oro-Medonte is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

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

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for providing stormwater, communal tile beds, water and wastewater services.

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

20. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

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 adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Township's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2023:

Gravel pits

- An increase of \$116,436 to the land improvement tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

Asbestos Obligation

- An increase of \$930,89 to the buildings tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

Other Obligation

- An increase of \$928,565 to other tangible capital asset accounts and a corresponding increase to the opening asset retirement obligation liability.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	General					Infrastructure	Assets Under Construction	Totals
	Land \$	Land Improvements \$	Buildings \$	Vehicles \$	Equipment \$	Infrastructure \$	\$	\$
COST								
Balance, beginning of year	10,201,289	2,247,210	16,443,608	12,729,341	11,240,983	110,336,418	3,935,778	167,134,627
Add: additions during the year	630,000	-	3,631,204	64,210	881,930	4,813,908	105,935	10,127,187
Less: disposals during the year	-	-	-	53,675	10,000	-	-	63,675
Asset retirement obligation	116,436	-	930,897	-	75,190	853,376	-	1,975,899
Balance, end of year	10,947,725	2,247,210	21,005,709	12,739,876	12,188,103	116,003,702	4,041,713	179,174,038
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,606,302	5,653,446	6,372,312	5,397,164	52,976,518	-	72,005,742
Add: additions during the year	2,711	64,713	617,102	921,976	604,797	3,703,512	-	5,914,811
Less: disposals during the year	-	-	-	53,675	9,000	-	-	62,675
Balance, end of year	2,711	1,671,015	6,270,548	7,240,613	5,992,961	56,680,030	-	77,857,878
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	10,945,014	576,195	14,735,161	5,499,263	6,195,142	59,323,672	4,041,713	101,316,160

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	9,996,729	5,859,765	6,501,772	1,039,119	1,858,341	1,146,223	26,401,949
User charges	199,241	1,550,219	300,123	3,227,805	542,806	136,897	5,957,091
Government transfers - operating	4,729	8,252	1,354,700	-	134,528	-	1,502,209
Government transfers - capital	-	-	872,085	-	-	-	872,085
Other municipalities	-	79,823	-	-	500	12,400	92,723
Penalties and interest on taxes	686,943	-	-	-	-	-	686,943
Investment income	1,936,193	-	-	-	-	-	1,936,193
Contributed tangible capital assets	-	-	900,000	-	-	-	900,000
Development charges earned	59,783	2,151,610	44,598	-	57,493	-	2,313,484
Canada Community-Building Fund earned	-	-	1,100,950	-	-	-	1,100,950
Gain/(loss) on disposal of tangible capital assets	-	7,185	9,659	4,710	4,409	-	25,963
Total revenues	12,883,618	9,656,854	11,083,887	4,271,634	2,598,077	1,295,520	41,789,590
Expenses							
Salaries and benefits	3,232,578	2,920,818	3,476,657	1,283,290	1,085,901	941,334	12,940,578
Interest charges	-	-	186,958	153,475	14,702	-	355,135
Materials	998,193	880,112	1,487,856	1,215,382	771,391	85,844	5,438,778
Contracted services	1,443,636	2,921,116	680,517	13,467	300,823	343,958	5,703,517
External transfers	132,326	362,248	-	-	-	-	494,574
Amortization	209,002	484,516	4,131,973	667,692	421,628	-	5,914,811
Internal transfers	(98,664)	98,664	-	-	-	-	-
Total expenses	5,917,071	7,667,474	9,963,961	3,333,306	2,594,445	1,371,136	30,847,393
Net surplus/(deficit)	6,966,547	1,989,380	1,119,926	938,328	3,632	(75,616)	10,942,197

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	3,086,539	7,878,720	10,329,498	-	1,926,174	937,481	24,158,412
User charges	426,197	1,439,681	316,248	3,129,647	453,060	274,281	6,039,114
Government transfers - operating	1,395,563	5,871	-	-	102,346	30,301	1,534,081
Government transfers - capital	-	-	956,636	-	40,000	-	996,636
Other municipalities	-	77,906	-	-	-	187,844	265,750
Penalties and interest on taxes	471,445	-	-	-	-	-	471,445
Investment income	570,273	-	-	139,297	-	-	709,570
Donations	-	225,000	-	-	-	-	225,000
Development charges earned	-	1,282,298	79,299	-	223,105	-	1,584,702
Parkland fees earned	-	-	-	-	300,676	-	300,676
Canada Community-Building Fund earned	-	-	949,456	-	-	-	949,456
Gain/(loss) on disposal of tangible capital assets	(421,571)	(30,000)	(31,651)	-	-	-	(483,222)
Total revenues	5,528,446	10,879,476	12,599,486	3,268,944	3,045,361	1,429,907	36,751,620
Expenses							
Salaries and benefits	3,295,897	2,798,400	2,843,537	1,377,095	1,158,057	972,247	12,445,233
Interest charges	-	-	152,448	161,851	23,256	-	337,555
Materials	1,196,914	782,612	2,139,135	954,940	644,984	82,565	5,801,150
Contracted services	1,505,605	3,007,288	663,082	85,339	291,318	333,657	5,886,289
External transfers	130,798	349,756	-	-	-	-	480,554
Amortization	145,504	376,543	3,854,031	616,619	372,308	-	5,365,005
Internal transfers	(111,788)	98,664	-	13,124	-	-	-
Total expenses	6,162,930	7,413,263	9,652,233	3,208,968	2,489,923	1,388,469	30,315,786
Net surplus/(deficit)	(634,484)	3,466,213	2,947,253	59,976	555,438	41,438	6,435,834