

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF KINCARDINE**

Year ended December 31, 2023

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THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Financial Statements

Year ended December 31, 2023

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THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Financial Position
December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Financial assets		
Cash (note 3)	\$ 52,096,072	\$ 45,852,748
Taxes receivable	1,852,765	1,165,508
Trade and other receivables	4,928,364	4,691,123
Inventory held for resale	63,736	67,758
Long-term investments – other (note 4)	4,769,213	5,193,131
Investment in Westario Power Inc. (note 5)	2,462,224	2,462,224
Investment in Bruce Telecom Holdings Inc. (note 6)	34,843,091	33,744,918
Loans receivable (note 7)	268,636	44,139
	101,284,101	93,221,549
Financial liabilities		
Accounts payable and accrued liabilities	6,759,305	8,000,086
Deferred revenue (note 23)	10,276,640	6,679,930
Long-term liabilities (note 10)	17,389,527	13,753,874
Post-employment benefits (note 16)	628,737	557,365
Asset retirement obligation liabilities (note 11)	5,696,983	5,535,160
	40,751,192	34,526,415
Net financial assets	60,532,909	58,695,134
Non-financial assets		
Inventory of supplies	472,671	537,543
Prepaid expenses	343,205	301,103
Tangible capital assets (note 8)	170,871,172	164,482,956
	171,687,048	165,321,602
Commitments and contingencies (note 20)		
Subsequent event (note 6)		
Accumulated surplus (note 12)	\$ 232,219,957	\$ 224,016,736

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 17)	2023 Actual	2022 Actual (Restated - note 2)
Revenue:			
Taxation	\$ 22,055,825	\$ 22,077,316	\$ 20,546,226
Water and sewer charges	5,701,289	6,194,031	5,584,657
Fees and user charges	3,391,042	3,377,927	3,276,452
Grants (note 14)	3,405,472	3,594,746	4,269,459
Other income	6,467,946	5,391,997	5,313,396
Obligatory reserve fund revenue recognized		1,250,323	971,263
Dividends earned from			
Westario Power Inc. (note 5)		53,907	108,000
Equity earnings from			
Bruce Telecom Holdings Inc. (note 6)	500,000	1,598,173	2,654,223
Total revenue	41,521,574	43,538,420	42,723,676
Expenses:			
General government	4,030,029	4,484,097	4,078,749
Protection services	4,781,168	4,889,753	4,788,108
Transportation services	5,910,434	8,414,917	8,084,177
Environmental services	5,672,806	8,441,095	7,652,469
Health services	929,609	1,117,381	1,072,060
Recreation and cultural services	5,675,406	6,688,737	6,210,699
Planning and development	1,246,283	1,299,219	1,364,340
Total expenses	28,245,735	35,335,199	33,250,602
Annual surplus	13,275,839	8,203,221	9,473,074
Accumulated surplus, beginning of year as previously reported	224,016,736	224,016,736	216,990,223
Change in accounting policy (note 2)		-	(2,446,561)
Accumulated surplus, beginning of year, as restated			214,543,662
Accumulated surplus, end of year	\$ 237,292,575	\$ 232,219,957	\$ 224,016,736

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Annual surplus	\$ 8,203,221	\$ 9,473,074
Acquisition and other increases of tangible capital assets	(13,708,065)	(17,716,380)
Amortization of tangible capital assets	6,964,860	6,692,835
Amortization of asset retirement obligations	15,940	15,509
Transfer of assets to Bruce Telecom Holdings Inc. (note 6)	-	2,519,473
Loss on disposal of tangible capital assets	337,363	105,268
Proceeds on disposal of tangible capital assets	1,685	7,539
	(6,388,217)	(8,375,756)
Change in prepaid expenses	(42,101)	(40,885)
Change in inventory of supplies	64,872	(99,275)
	22,771	(140,160)
Increase (decrease) in net financial assets	1,837,775	957,158
Net financial assets, beginning of year, as previously reported	58,695,134	60,200,046
Change in accounting policy (note 2)	-	(2,462,070)
Net financial assets, beginning of the year, as restated		57,737,976
Net financial assets, end of year	\$ 60,532,909	\$ 58,695,134

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 8,203,221	\$ 9,473,074
Items not involving cash:		
Amortization of tangible capital assets	6,964,860	6,692,835
Amortization of asset retirement obligations	15,940	15,509
Contributed tangible capital assets	(363,242)	(594,171)
Change in asset retirement obligation liabilities	151,453	5,697
Post-employment benefits payable	71,372	101,798
Loss on sale tangible of capital assets	337,363	105,268
Equity earnings from Bruce Telecom Holdings Inc. (note 6)	(1,598,173)	(2,654,223)
Net change in non-cash assets and liabilities:		
Taxes receivable	(687,257)	213,827
Trade and other receivables	(237,241)	(1,707,992)
Inventory held-for-resale	4,022	(14,028)
Change in inventories of supplies	64,872	(99,275)
Change in prepaid expenses	(42,102)	(40,885)
Accounts payable and accrued liabilities	(1,240,781)	1,523,581
Deferred revenue	3,596,710	282,974
	15,241,017	13,303,989
Capital transactions:		
Cash used to acquire tangible capital assets	(13,334,453)	(16,473,337)
Proceeds on sale of tangible capital assets	1,685	7,539
	(13,332,768)	(16,465,798)
Investing activities:		
Purchase of investments	423,918	(96,161)
Dividends received from Bruce Telecom Holdings Inc. (note 6)	500,000	500,000
Repayment of loans receivable	(224,496)	24,060
	699,422	427,899
Financing activities:		
Repayment of long-term liabilities	(920,847)	(8,253,379)
Proceeds from debt issuance	4,556,500	10,126,000
	3,635,653	1,872,621
Net change in cash	6,243,324	(861,289)
Cash, beginning of year	45,852,748	46,714,037
Cash, end of year	\$ 52,096,072	\$ 45,852,748

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

The Corporation of the Municipality of Kincardine (the “Municipality”) is a municipality in the Province of Ontario, Canada. The Municipality provides services such as fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

(a) Management Responsibility:

The consolidated financial statements of the Municipality of Kincardine are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Municipality are as follows:

(b) Basis of consolidation:

These consolidated statements include the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Kincardine Police Services Board

Kincardine Business Improvement Area

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The Municipality accounts for its 100% ownership interest in Bruce Telecom Holdings Inc. (“Bruce Telecom”) as a government business enterprise.

Under PSAB standards, the Municipality reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The Municipality’s proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Saugeen Mobility and Regional Transit (SMART)	12.30%
Bruce Area Solid Waste Recycling (BASWRA)	17.99%

(c) Basis of accounting:

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Long-term investments:

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than temporary decline, the amount of the loss is reported in the statement of operations and adjusted through the statement of remeasurement gains and losses.

The Municipality accounts for its 13.5% ownership interest in Westario Power Inc. as a long-term investment.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land Improvements	10 - 15 years
Buildings	10 - 50 years
Equipment	3 - 50 years
Vehicles	7 - 20 years
Roads and Bridges	15 - 80 years
Water and Sewer Systems	15 - 80 years

Asset retirement obligations are amortized using the same basis and useful life as the underlying asset.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets is available for productive use.

(i) Contributions of tangible capital assets:

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

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iv) Interest capitalization:

The Municipality does not capitalize interest costs associated with the acquisition or construction of a capital asset.

(v) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(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) Post-employment benefits:

The contributions to the Ontario Municipal Employers Retirement System (OMERS), a multi-employer defined benefit pension plan, are expensed when contributions are due.

The cost of post-employment benefits are recognized when the event that obligated the Municipality occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The cost of pensions and other retirement benefits is actuarially determined using the projected benefits method prorates on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance. Any actuarial gains or losses from changes in assumptions are amortized over the average remaining service period for active employees.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(h) County and school board:

The Municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.

(i) Trust funds:

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements.

(j) Government transfers:

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

(k) Revenue recognition:

User fees and other revenues are recognized when related goods or services are provided and collectability are reasonably assured.

Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue on the daily accrual basis. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.

(l) Taxation and related revenues:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Municipal Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(l) Taxation and related revenues (continued):

For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

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

(m) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure and post-closure liability, actuarial valuations of employee future benefits, and the historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(n) Financial instruments:

The Municipality classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash, taxes receivable, trade and other receivables, long-term investments, loans receivable, accounts payable and accrued liabilities, and long-term liabilities. All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement remeasurement. As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses and the statement of remeasurement has been excluded.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

(o) Held-for-sale:

Assets held for sale are those expected to be sold within one year. They are valued at the lower of cost or expected net realizable value. When a decline in net realizable value is determined to be other than temporary, the impairment is recognized in the consolidated statement of operations and accumulated surplus.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(p) Asset retirement obligations:

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

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;
- (ii) The past transactions or events giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. This liability is discounted using a present value calculation, and adjusted yearly for accretion expense where there is a known retirement date. The liability for the removal of asbestos in buildings has also been recognized based on estimated future expenses on closure of the site and post-closure care. The recognition of a liability results in an accompanying increase to the respective tangible capital assets.

2. Adoption of new accounting standards:

(a) PS 3280 – *Asset Retirement Obligations*:

On January 1, 2022, the Municipality adopted Public Accounting Standard PS 3280 – *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets and resulted in a withdrawal of Section PS 3270 – *Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retrospective basis at the date of adoption and the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The Municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care for the two active and four closed landfill sites owned by the Municipality. The liability was measured as of the date of purchase of the sites, when the liability was assumed and was discounted at 2.24% which was the discount rate as of the date of adoption of the standard.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Adoption of new accounting standards (continued):

(a) PS 3280 – *Asset Retirement Obligations* (continued):

On January 1, 2022, the Municipality recognized an additional asset retirement obligation relating to the removal of asbestos in buildings. The liability was measured as of the date of purchase of the buildings which represents when the liability was assumed. The accompanying increase to the respective tangible capital assets was amortized in accordance with the useful lives and depreciation accounting policies outlined in Note 1.

In accordance with the modified retrospective provisions of this new standard, the Municipality reflected the following adjustments at January 1, 2022:

A summary of the impact of the adjustments are as follows:

	December 31, 2022, as previously reported	Adjustment	December 31, 2022, as restated
Statement of financial position:			
Tangible capital assets	\$ 163,834,084	\$ 648,872	\$ 164,482,956
Landfill liability	2,275,383	(2,275,383)	-
Asset retirement obligations	-	5,535,160	5,535,160
Accumulated surplus	226,627,641	(2,610,905)	224,016,736
Statement of operations:			
Amortization of asset retirement obligations	-	15,509	15,509
Excess of revenue over expenses	9,637,418	(164,344)	9,473,074
Accumulated surplus, beginning of year	216,990,223	(2,446,561)	214,543,662
Cash flows:			
Amortization of asset retirement obligations	-	15,509	15,509

(b) PS 3450 - *Financial Instruments* and PS 2601 - *Foreign Currency Translation*:

On January 1, 2023, the Municipality adopted other Public Accounting Standards, PS - 3450 *Financial Instruments* and PS - 2601 *Foreign Currency Translation*. These standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Adoption of new accounting standards (continued):

(b) PS 3450 - *Financial Instruments* and PS 2601 - *Foreign Currency Translation* (continued):

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured at cost or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices (see Note 1 – Significant Accounting Policies). These standards have no significant impact on the presentation of the financial statements and do not require the adoption of the statement of remeasurement gains. A cumulative adjustment was made on January 1, 2023 and the prior year comparative information has not been restated.

3. Cash:

	2023	2022
Unrestricted	\$ 47,897,062	\$ 41,931,352
Restricted	4,199,010	3,921,396
	<u>\$ 52,096,072</u>	<u>\$ 45,852,748</u>

The Municipality has internally and externally restricted funds that are segregated and will be used only for specific purposes.

Interest is earned on bank balances at the bank's monthly average prime rate less 1.5%, subject to a rate cap based on the average monthly 30 day banker's acceptance rate less 0.1%. The municipality's bank accounts are all held at one financial institution.

4. Long-term investments:

	2023	2022
Fixed income bonds, mutual funds and investment certificates	\$ 4,769,213	\$ 5,193,131

The other investments in fixed income bonds, mutual funds and investment certificates have a market value of \$4,631,683 (2022 - \$4,946,021) at the end of the year. They earn interest at rates ranging from 1.37% to 5.80% and mature in 2024 through 2026. The mutual funds include money market and bond funds.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Investment in Westario Power Inc.:

The Municipality owns 1,348 common shares, representing 13.5% of the outstanding common shares of Westario Power Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations. Dividends of \$53,907 (2022 - \$108,000) were received on these shares during the year.

The investment in Westario Power Inc. is comprised of the following:

	2023	2022
1,348 common shares	\$ 2,462,224	\$ 2,462,224

6. Investment in Bruce Telecom Holdings Inc.:

Under the provincial government's Business Corporation Act, Bruce Telecom Holdings Inc. ("Bruce Telecom") was incorporated on December 1, 2017. During 2022, the Municipality contributed land and buildings to Bruce Telecom with a carrying value of \$2,519,473 in exchange for 1,000 common shares of Bruce Telecom.

Subsequent to year end, the Municipality sold its shares in Bruce Telecom for \$32.65 million subject to closing adjustments with a closing date of March 28, 2024.

The investment in Bruce Telecom is comprised of the following:

	2023	2022
3,100 common shares	\$ 2,519,573	\$ 2,519,573
Net assets contributed	29,621,582	29,621,582
Tangible capital assets received	(3,826,257)	(3,826,257)
Change in accounting policy	(114,816)	(114,816)
Share of net income since acquisition, net of dividends and other adjustments	6,643,009	5,544,836
	\$ 34,843,091	\$ 33,744,918

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Investment in Bruce Telecom Holdings Inc. (continued):

The following table provides condensed financial information with respect to Bruce Telecom:

	2023	2022
Current assets	\$ 3,347,716	\$ 10,016,422
Non-current assets	37,958,019	30,318,552
Total assets	\$ 41,305,735	\$ 40,334,974
Current liabilities	\$ 3,811,952	\$ 3,279,102
Non-current liabilities	2,650,692	3,310,954
Total liabilities	\$ 6,462,644	\$ 6,590,056
Net assets	\$ 34,843,091	\$ 33,744,918
Results of operations:		
Revenues	\$ 17,762,468	\$ 18,103,024
Expenses	16,164,295	15,448,801
Net income	\$ 1,598,173	\$ 2,654,223
Municipality's share of net income - 100%	\$ 1,598,173	\$ 2,654,223

7. Loans receivable:

	2023	2022
Physician Recruitment Loan, 0.00%, principal due 2028	\$ 250,000	
Tile drain loans receivable, 6.00%, principal and interest payments ranging from \$1,616 to \$6,793 annually due 2023 to 2025	18,636	\$ 44,139
	\$ 268,636	

Interest earned on the loans receivable during the year was \$2,648 (2022 - \$4,092).

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Tangible capital assets:

	Land & land improvements	Buildings	Equipment & Vehicles	Roads & Bridges	Water & Sewer Systems	Assets under construction	Net book value 2023
Cost							
Beginning of year	\$ 37,067,260	\$ 57,320,228	\$ 16,948,284	\$ 82,995,886	\$ 85,610,767	\$ 11,317,351	\$ 291,259,776
Asset retirement obligations		10,369					10,369
Additions	210,500	7,662	107,988		251,648	13,119,898	13,697,696
Disposals	(17,879)	(9,218)	(180,721)	(623,404)	(370,085)		(1,201,307)
Transfers	179,202	5,921,495	2,313,489	4,347,719	8,073,164	(20,835,069)	-
Cost, end year	37,439,083	63,250,536	19,189,040	86,720,201	93,565,494	3,602,180	303,766,534
Accumulated amortization							
Beginning of year	11,200,241	30,857,822	10,459,683	45,183,956	29,075,118	-	126,776,820
Asset retirement obligations							
Amortization	777,528	1,727,549	1,027,652	1,895,931	1,552,140		6,980,800
Disposals	(17,879)	(9,218)	(171,061)	(495,408)	(168,692)		(862,258)
Transfers							
Accumulated amortization, end of year	11,959,890	32,576,153	11,316,274	46,584,479	30,458,566	-	132,895,362
Net book value, end of year	\$ 25,479,193	\$ 30,674,383	\$ 7,872,766	\$ 40,135,722	\$ 63,106,928	\$ 3,602,180	\$ 170,871,172

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Tangible capital assets (continued):

Restated	Land & land improvements	Buildings	Equipment & Vehicles	Roads & Bridges	Water & Sewer Systems	Assets under construction	Net book value 2022
Cost							
Beginning of year, as previously stated	\$ 33,410,999	\$ 60,545,999	\$ 15,987,906	\$ 79,515,249	\$ 82,479,891	\$ 5,264,194	\$ 277,204,238
Asset retirement obligations – policy change	1,263,888	197,854	25,888		32,557		1,520,187
Additions	(46,077)	1,183	51,561	23,459	118,236	16,919,146	17,067,508
Disposals	(206,164)	(3,369,871)	(314,959)	(253,751)	(387,412)	–	(4,532,157)
Transfers	2,644,614	(54,937)	1,197,888	3,710,929	3,367,495	(10,865,989)	–
Cost, end year	37,067,260	57,320,228	16,948,284	82,995,886	85,610,767	11,317,351	291,259,776
Accumulated amortization							
Beginning of year, as previously stated	9,745,186	30,237,512	9,731,948	43,677,729	27,720,172	–	121,112,547
Asset retirement obligations – policy change	679,665	148,213	12,298		15,630		855,806
Amortization	770,618	1,794,235	951,298	1,750,204	1,441,989	–	6,708,344
Disposals	–	(1,227,913)	(235,861)	(239,205)	(196,898)	–	(1,899,877)
Transfers	4,772	(94,225)	–	(4,772)	94,225	–	–
Accumulated amortization, end of year	11,200,241	30,857,822	10,459,683	45,183,956	29,075,118	–	126,776,820
Net book value, end of year	\$ 25,867,019	\$ 26,462,406	\$ 6,488,601	\$ 37,811,930	\$ 56,535,649	\$ 11,317,351	\$ 164,482,956

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$3,602,180 (2022 - \$11,317,351).

Contributed infrastructure capital assets of \$363,242 (2022 - \$594,171) were recognized in the financial statements during the year.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Temporary borrowings:

The Municipality has an undrawn operating line of credit of \$3,000,000 that bears interest at the bank's prime rate less 0.50%. This facility is secured by a current borrowing by-law.

10. Long-term liabilities:

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2023	2022
Loan payable, Real Term Energy, 4.47%, payable interest and principal monthly, due September 2025	\$ 247,603	\$ 375,717
Loan payable, Ontario Infrastructure & Lands Corporation, 2.12%, interest and principal payable semi-annually, due September 2025	390,989	580,386
Loan payable, Ontario Infrastructure & Lands Corporation, 2.48%, interest and principal payable semi-annually, due July 2025	71,561	106,041
Tile drain debentures payable, 6%, payable interest and principal annually, due 2023 through 2025	18,637	44,139
Loan payable, Ontario Infrastructure & Lands Corporation, 2%, interest and principal payable semi-annually, due 2023 through 2040	2,403,931	2,521,591
Loan payable, Ontario Infrastructure & Lands Corporation, floating rate, interest payable monthly	1,826,000	1,826,000
Loan payable, Ontario Infrastructure & Lands Corporation, floating rate, 4.42% interest and principal payable semi-annually, due 2023 through 2042	7,885,000	8,300,000
Loan payable, Ontario Infrastructure & Lands Corporation, 5.31%, interest and principal payable monthly, Due 2023 through 2043	4,545,806	
	\$ 17,389,527	\$13,753,874

Principal payments estimated for the next 5 fiscal years and thereafter, if not demanded, are as follows:

2024	\$ 1,045,485
2025	1,027,110
2026	686,744
2027	697,245
2028	708,230
Thereafter	13,224,713

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Asset retirement obligations:

(a) Landfill obligation:

The Municipality owns and operates two active landfill site and owns and monitors four closed landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 – *Asset Retirement Obligations*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. The active sites have a remaining capacity of approximately 602,075 m³ and have an estimated life expectancy of 75 and 42 years. These costs were discounted to December 31, 2023 using a discount rate of 2.24%. Solid waste landfill closure and post-closure costs are funded through the Municipality's annual budget.

(b) Asbestos obligation:

The Municipality owns and operates buildings that are known to have asbestos. Following the adoption of PS3280 – *Asset retirement obligations*, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. The buildings have an estimated useful life of 50 years.

The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings and Landfill capital assets and the restatement of prior year numbers (see note 2). Changes to the asset retirement obligations in the year are as follows:

Asset retirement obligations	Landfill closure	Asbestos removal	Water and wastewater decommission	Balance at December 31, 2023
Opening balance	\$ 4,198,728	\$ 1,248,775	\$ 87,657	\$ 5,535,160
Accretion expense	94,052	53,729	3,673	151,454
In year change estimate		10,369		10,369
In year settlement				
Closing balance	\$ 4,292,780	\$ 1,312,873	\$ 91,330	\$ 5,696,983

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Asset retirement obligations (continued):

(b) Asbestos obligation (continued):

Asset retirement obligations	Landfill closure	Asbestos removal	Water and wastewater decommission	Balance at December 31, 2022
Opening balance	\$ 4,104,728	\$ 1,197,465	\$ 84,132	\$ 5,386,325
Accretion expense	94,000	51,310	3,525	148,835
In year change estimate				
In year settlement				
Closing balance	\$ 4,198,728	\$ 1,248,775	\$ 87,657	\$ 5,535,160

12. Accumulated surplus:

The accumulated surplus consists of individual fund surplus (deficit) amounts and reserve funds as follows:

	2023	2022
Investment in tangible capital assets:		
Tangible capital assets purchased	\$ 170,871,172	\$ 164,482,956
Capital assets financed by long-term liabilities, to be funded in future years	(17,370,887)	(13,689,851)
Unfinanced capital assets	(27,880)	105,032
Total invested in capital assets	153,472,405	150,898,137
General surplus	742,079	715,260
Bruce Telecom	34,843,091	33,744,918
Business improvement area	40,578	11,936
Unfunded post-employment benefits	(628,737)	(557,365)
Unfunded asset retirement obligations	(5,696,983)	(5,535,160)
	182,772,433	179,277,726
Reserves and reserve funds (note 12)	49,447,524	44,739,010
Accumulated surplus	\$ 232,219,957	\$ 224,016,736

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Reserves and reserve funds set aside for specific purpose by council:

	2023	2022
Reserves:		
Working funds	\$ 354,676	\$ 354,677
Capital purposes	8,443,151	8,425,023
Current purposes	79,824	66,308
	<u>8,877,651</u>	<u>8,846,008</u>
Reserve funds:		
Contingencies	846,462	669,780
Insurance, sick leave, WSIB	395,471	388,230
Capital purposes	39,327,940	34,834,992
	<u>40,569,873</u>	<u>35,893,002</u>
	<u>\$ 49,447,524</u>	<u>\$ 44,739,010</u>

14. Grants:

	2023 Actual	2022 Actual
Operating:		
Province of Ontario:		
Ontario Municipal Partnership Fund ("OMPF")	\$ 1,234,100	\$ 1,142,900
Conditional - other	512,303	663,211
	<u>1,746,403</u>	<u>1,806,111</u>
Government of Canada:		
Conditional - other	17,340	13,140
Other municipalities:		
Conditional - other	274,304	258,549
Total operating grants	<u>2,038,047</u>	<u>2,077,800</u>
Capital grants:		
Province of Ontario:		
Conditional - water, sewer and other	1,544,770	1,733,902
Government of Canada:		
Conditional - water, sewer and other	11,929	457,757
Total grants	<u>\$ 3,594,746</u>	<u>\$ 4,269,459</u>

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Government partnerships:

The following summarizes the financial position and results of operations of the government partnerships. The Municipality's pro-rata share of these amounts has been reported in these financial statements using the proportionate consolidation method.

	Saugeen Mobility and Regional Transit		Bruce Area Solid Waste Recycling Association	
	2023	2022	2023	2022
Financial assets	\$ 301,842	\$ 231,199	\$ 1,261,989	\$ 1,989,111
Liabilities	390,065	320,310	208,967	230,105
Net (debt) financial assets	(88,223)	(89,111)	1,053,022	1,759,006
Non-financial assets	706,096	462,716	1,662,338	1,516,006
Accumulated surplus	\$ 617,873	\$ 373,605	\$ 2,715,360	\$ 3,275,012
Revenues	\$ 2,158,413	\$ 1,554,678	\$ 3,829,826	\$ 4,000,874
Expenses	1,914,145	1,745,053	4,389,478	4,255,089
Annual surplus (deficit)	\$ 244,268	\$ (190,375)	\$ (559,652)	\$ (254,215)

Saugeen Mobility and Regional Transit (SMART) is a partnership between the Town of Hanover, the Town of Saugeen Shores, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Township of Southgate, Township of Huron Kinloss, Municipality of Grey Highlands, Township of Chatsworth, and the Municipality of Kincardine to provide transportation services to the physically disabled.

Bruce Area Solid Waste Recycling Association (BASWRA) is a partnership between the Town of South Bruce Peninsula, the Municipality of Arran-Elderslie, the Town of Saugeen Shores, the Municipality of Kincardine and others to provide garbage, recycling and cardboard collection services.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Post-employment benefits:

Other benefits:

The Municipality provides certain benefits, including retirement benefits and other post-employment benefits, to its employees. The post-employment benefit at December 31 includes the following components:

	2023	2022
Post-employment benefits	\$ 216,420	\$ 220,609
Sick leave	731,940	692,785
Workplace Safety and Insurance Board Obligations	5,242	5,564
	953,602	918,958
Unamortized actuarial loss	(324,865)	(361,593)
	\$ 628,737	\$ 557,365

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2021.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and mortality rates. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 3.00% (2022 - 3.00%). For extended health care costs, a 5.417% (2022 - 5.75%) annual rate of increase was assumed. For dental costs, a 3.75% annual rate of increase was assumed.

	2023	2022
Current period benefit cost	\$ 124,831	\$ 118,819
Amortization of actuarial loss	36,728	59,999
Retirement benefit expense	161,559	178,818
Interest costs	27,700	26,571
Total expense for the year	\$ 189,259	\$ 205,389

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Post-employment benefits (continued):

Pension plan:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 127 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2023 was \$798,164 (2022 - \$707,562) for current service. The contribution rate for 2023 was 9.0% to 14.6% (2022 - 9.0% to 14.6%) depending on age and level of income level.

The latest available report for the OMERS plan was December 31, 2023. At that time the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit), based on actuarial liabilities of \$134.6 billion (2022 - \$128.8 billion) and actuarial assets of \$130.4 billion (2022 - \$122.1 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

17. Financial Instrument Risk:

The fair value of the Municipality's financial instruments that are comprised of cash, taxes receivable, trade and other receivables, long-term investments, loans receivable, accounts payable and accrued liabilities, and long-term liabilities approximate their carrying value due to their short term nature and are measured at cost or amortized cost in the statement of financial position. The fair value of investments is disclosed in note 4. It is management's opinion that the municipality is not exposed to significant risk arising from these financial instruments and there have been no significant changes to these risk exposures from 2022.

(a) Credit Risk

The municipality is exposed to credit related losses through cash, accounts receivable and investments in the event of non-performance by counterparties to the financial instruments. Credit risk is minimized by dealing with reputable financial institutions. Accounts receivable of \$4,805,424 (2022 - \$4,561,923) are mainly due from governments of which \$37,080 (2022 - \$26,151) were over 90 days past due.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Post-employment benefits (continued):

(b) Liquidity risk

Liquidity risk is the risk that the Municipality will be unable to meet all cash outflow obligations as they come due. Liquidity risk is minimized by monitoring cash activities and through cash flow forecasting including a laddered investment maturity approach to match large cash outflows.

(c) Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and other price risks will affect the annual surplus or the fair value of financial instruments. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at year end. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Exchange gains and losses are included in the consolidated statement of operations. Interest rate risk is minimized through a diversified investment portfolio held in accordance with the municipality's consolidated investment policy.

17. Budget amounts:

Under Canadian generally accepted accounting principles, budget amounts are to be reported on a consolidated statement of operations and changes in net debt for comparative purposes. The 2023 budget amounts for the Corporation of the Municipality of Kincardine as approved by Council have been restated to conform to the presentation of the revenues and expenses on the consolidated statements of operations and change in net debt. The following is a reconciliation of the budget approved by Council.

	2023
Annual surplus (page 2)	\$ 13,275,839
Acquisition of tangible capital assets less disposal and write-downs	\$(26,597,071)
Change in long-term debt to be funded in future years	3,652,424
Net transfers from reserves	9,514,291
Change in consolidated entities	(154,517)
	\$ 0

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

18. Operations of School Boards and the County of Bruce:

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Bruce:

	2023	2022
School boards	\$ 4,597,944	\$ 4,272,839
County of Bruce	11,435,748	10,297,228
	<u>\$ 16,033,692</u>	<u>\$ 14,570,067</u>

19. Trust funds:

The trust funds administered by the Municipality amounting to \$653,161 have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2023, the trust fund balances are as follows:

	2023	2022
Cemetery Care and Maintenance	\$ 653,161	\$ 615,608

20. Contractual commitments:

- (a) On December 13, 2021, the Municipality entered into a third amending agreement with Bruce Power L.P. commencing January 1, 2022 for funding assistance for Nuclear Emergency Preparedness as a requirement of the Emergency Management and Civil Protection Act. Under this Agreement, Bruce Power will reimburse the Municipality up to \$115,847 per year (adjusted in accordance with the Consumer Price Index-Canada (CPI)) for expenses incurred to comply with this Act.
- (b) On May 21, 2014, the Municipality entered into a development agreement with SP Arnow Wind Ontario LP, whereby the Municipality received a lump-sum payment of \$1,030,000 as a contribution to the refurbishment of the main runway at the municipal airport. As part of this agreement, Kincardine will receive annual lump sum payments of \$630,000 for the years 2014 to 2034, with 20% of the payment indexed for inflation. The funds are held in a community benefits reserve fund and used exclusively for municipal projects, subject to the terms and conditions of the agreement.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

20. Contractual commitments (continued):

- (c) The Municipality of Kincardine has entered into a three-year contract extension with Bruce Area Solid Waste Association for the collection of residential garbage and commercial cardboard at an approximate cost of \$275,000 per year, beginning January 1, 2023.
- (d) The Municipality of Kincardine has entered into several physician recruitment agreements and is committed to spend \$60,000 in incentive payments throughout 2024 - 2026. Two agreements were completed in 2022 and both commit a lump sum contribution of up to \$250,000 towards the purchase of a house in the Municipality through a non-interest-bearing loan to be repaid after 5 years of its receipt.
- (e) Effective November 1, 2021, the Municipality entered into an agreement with James Special Services Inc. for the provision of full-time by-law enforcement services in Kincardine. The agreement is for a 3-year term ending November 1, 2024. The contract is estimated to cost \$94,000 per year for full-time and seasonal enforcement.
- (f) The Municipality of Kincardine entered into a three-year contract extension with Phoenix AMG Inc. for the provision of management services at the Municipal Airport at an approximate cost of \$104,000 per year. The agreement expires March 31, 2025, with an optional three year extension.

21. Economic dependence:

Approximately 22% (2022 - 22%) of the Municipality's taxation revenues are generated from Ontario Power Generation (OPG). The loss of a material amount of taxation revenue from OPG could have a material adverse effect on the operations of the municipality.

22. Segmented information:

The Corporation of the Municipality of Kincardine is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, building inspection, sewer, water waste, collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

(a) General government:

This item reports the revenues and expenses that relate to the governance and operations of the Municipality itself and cannot be directly attributed to a specific segment.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

22. Segmented information (continued):

(b) Protection to persons and property:

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

(c) Transportation:

Transportation is responsible for construction and maintenance of the Municipality's roadways, bridges, parking areas and streetlighting. Transportation also includes the management of the Kincardine Airport.

(d) Sewer and water:

Sewers are responsible for collecting and cleaning the sewage. Water collects, treats and distributes the Municipality's drinking water. They ensure the Municipality's sewer and water systems meet all Provincial standards.

(e) Environmental:

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

(f) Health:

Health services include doctor recruitment, provision of a medical clinic and operation of a Locum house. Health services also includes the operations of local cemeteries.

(g) Recreational and cultural services:

This service area provides services meant to improve the health and development of the Municipality's citizens. The Municipality operates and maintains parks, arenas, a swimming pool, community centres, and a marina. The Municipality also provides recreational programs and library facilities.

(h) Planning and development:

This department is responsible for planning and zoning including the Official plan. This service area also includes tourist information. Promotion and events as well as business improvement area, weed control and drainage.

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

22. Segmented information (continued):

(h) Planning and development (continued):

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payments-in-lieu, OMPF grant, net income of government business enterprise and shared other revenue consisting of penalty and interest on taxes, bank and investment income and Ontario Power Generation contribution have been allocated to those segments that are funded by these amounts based on the net surplus for the year.

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THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

22. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:									
Taxation	3,483,057	3,796,658	6,345,239	-	1,337,994	867,428	5,159,461	1,087,479	22,077,316
Fees and user charges	312,975	360,680	136,894	6,194,031	1,432,725	151,515	855,513	127,625	9,571,958
Specific grants	96,966	150,852	1,490,134	24,772	186,159	17,000	192,729	202,034	2,360,646
OMPF grant	195,392	212,985	355,955	-	75,059	48,661	289,435	56,613	1,234,100
Other revenue	4,114,848	8,973	(573,967)	1,641,692	11,967	347,435	983,803	509,326	7,044,077
Obligatory reserve fund revenue recognized		302,341	125,092	610,847			212,043		1,250,323
	8,203,238	4,832,489	7,879,347	8,471,342	3,043,904	1,432,039	7,692,984	1,983,077	43,538,420
Expenses:									
Salaries and benefits	2,613,226	1,335,975	2,741,490	1,462,347	752,308	382,255	3,137,423	634,578	13,059,602
Interest on debt	10,106	1,994	200,687	351,299	-	-	-	2,648	566,734
Material and supplies	821,883	342,742	2,046,791	1,374,060	620,759	275,624	1,886,890	180,570	7,549,319
Contract services	831,108	2,620,067	737,561	578,238	391,205	49,808	383,481	456,400	6,047,868
Other transfers	-	362,257	-	-	-	208,208	72,758	(729)	642,494
Rents and financial expenses	31,141	5,632	53,268	77,873	67,583	4,637	86,395	10,400	336,929
Amortization	176,633	219,363	2,625,041	2,364,838	302,811	196,203	1,080,559	15,352	6,980,800
Accretion		1,723	10,079	3,722	94,052	646	41,231		151,453
Transfers to obligatory reserve funds									
	4,484,097	4,889,753	8,414,917	6,212,377	2,228,718	1,117,381	6,688,737	1,299,219	35,335,199
Annual surplus (deficit)	3,719,141	(57,264)	(535,570)	2,258,965	815,186	314,658	1,004,247	683,858	8,203,221

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

22. Segmented information (continued):

Restated	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:									
Taxation	3,094,125	3,619,935	5,962,071	–	1,269,557	812,786	4,677,946	1,109,806	20,546,226
Fees and user charges	333,670	516,090	144,905	5,584,657	1,322,850	161,341	635,202	162,394	8,861,109
Specific grants	194,186	94,412	1,464,976	–	174,312	17,000	1,149,125	32,548	3,126,559
OMPF grant	172,770	202,129	332,909	–	70,889	45,384	261,207	57,612	1,142,900
Other revenue	4,553,281	14,481	833,469	1,159,018	10,751	205,910	1,235,753	62,956	8,075,619
Obligatory reserve fund revenue recognized	–	–	20,941	950,322	–	–	–	–	971,263
	8,348,032	4,447,047	8,759,271	7,693,997	2,848,359	1,242,421	7,959,233	1,425,316	42,723,676
Expenses:									
Salaries and benefits	2,349,557	1,253,651	2,689,704	1,370,996	744,249	356,797	2,865,712	661,346	12,292,012
Interest on debt	14,096	2,844	119,249	154,376	–	–	–	4,092	294,657
Material and supplies	778,992	358,228	2,137,998	1,237,434	614,228	252,638	1,549,307	265,373	7,194,198
Contract services	583,192	2,610,999	673,532	470,212	286,097	39,174	579,183	396,551	5,638,940
Other transfers	–	332,674	–	–	–	184,684	96,652	935	614,945
Rents and financial expenses	36,825	1,147	69,890	69,922	65,704	4,791	76,827	19,200	344,306
Amortization	316,087	212,547	2,384,140	2,172,697	368,982	233,356	1,003,692	16,843	6,708,344
Accretion	–	1,653	9,664	3,572	94,000	620	39,326	–	148,835
Transfers to obligatory reserve funds	–	14,365	–	–	–	–	–	–	14,365
	4,078,749	4,788,108	8,084,177	5,479,209	2,173,260	1,072,060	6,210,699	1,364,340	33,250,602
Annual surplus (deficit)	4,269,283	(341,061)	675,094	2,214,788	675,099	170,361	1,748,534	60,976	9,473,074

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

23. Deferred revenue:

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory reserve funds:					
Building permit fees	\$ 2,148,244	\$	\$ 116,281	\$ 302,341	\$
	1,962,184				
Development charges	1,218,288	1,490,592	61,544	757,398	2,013,026
Parkland	236,979	216,725	12,700		466,404
Gas tax	15,345	376,909	11,910	190,584	213,580
Parking	53,589		2,970		56,559
Other	189,985		10,528		200,513
	3,862,430	2,084,226	215,933	1,250,323	4,912,266
Other:					
Subdivider contributions	1,798,876	1,671,899		788,908	2,681,867
Other	1,018,624	5,615,818		3,951,935	2,682,507
	2,817,500	7,287,717		4,740,843	5,364,374
Total	\$ 6,679,930	\$ 9,371,943	\$ 215,933	\$ 5,991,166	\$
	10,276,640				

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF KINCARDINE**
Trust Funds

Year ended December 31, 2023

DRAFT

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Trust Funds

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash	\$ 632,125	\$ 594,764
Interest receivable	3,062	2,445
Due from municipality	(2,026)	(1,601)
Investments (note 2)	20,000	20,000
	<u>\$ 653,161</u>	<u>\$ 615,608</u>
Fund balances	\$ 653,161	\$ 615,608

Consolidated Statement of Continuity

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 615,608	\$ 567,070
Receipts:		
Bank and investment interest	35,093	16,888
Care and maintenance	37,553	48,538
	<u>72,646</u>	<u>65,426</u>
Expenses:		
Transfer to municipality	35,093	16,888
Balance, end of year	<u>\$ 653,161</u>	<u>\$ 615,608</u>

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

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Trust Funds

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements of The Municipality of Kincardine Trust Funds are representations of management. They have been prepared in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB).

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Management responsibility:

The financial information of the Corporation of the Municipality of Kincardine Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.

2. Investments:

The total investments of \$20,000 (2022 - \$20,000) reported on the balance sheet have a market value of \$20,000 (2022 - \$20,000) at the end of the year.

3. Willow West Security:

In 2021, the Municipality was directed to forfeit the funds held in trust of a dissolved corporation for the Willow West Security. The balance in the trust was paid to the Office of the Public Guardian and Trustee pursuant to s.244 of the Business Corporations Act.