

**The Corporation of the
Town of Bracebridge
Consolidated Financial Statements
For the year ended December 31, 2024**

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Independent Auditor's Report

To the Members of Council of
The Corporation of the Town of Bracebridge

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Bracebridge and its subsidiaries (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statements of operations, changes in net debt 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 Municipality as at December 31, 2024, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario
October 17, 2025

The Corporation of the Town of Bracebridge Consolidated Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash and cash equivalents	\$ 11,540,672	\$ 24,742,711
Restricted cash (Note 2)	1,074,131	2,732,143
Temporary investments (Note 3)	6,764,306	6,420,464
Taxes receivable (Note 4)	4,128,962	3,168,375
Trade and other receivables	3,967,639	14,572,523
Long-term receivables (Note 5)	370,198	420,851
Investment in government business enterprise (Note 6)	35,863,417	34,986,779
	63,709,325	87,043,846
Liabilities		
Accounts payable and accrued liabilities	15,356,413	17,774,955
Asset retirement obligation (Note 7)	143,245	326,548
Tax revenue received in advance	1,671,316	1,529,287
Pensions and other employee benefits	45,360	58,493
Deferred revenue (Note 9)	1,993,210	3,624,478
Long-term liabilities (Note 10)	53,976,692	55,680,717
	73,186,236	78,994,478
Net financial assets (net debt)	(9,476,911)	8,049,368
Non-financial assets		
Tangible capital assets (Note 11)	164,007,066	141,156,486
Inventories of supplies	330,243	399,893
Prepaid expenses	746,991	80,022
	165,084,300	141,636,401
Accumulated surplus (Note 12)	\$155,607,389	\$149,685,769

On behalf of Council:

Signed by:

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The Corporation of the Town of Bracebridge Consolidated Statement of Operations

For the year ended December 31	(Note 14) Budget 2024	Actual 2024	Actual 2023
Revenue			
Taxation (Note 15)	\$ 20,213,190	\$ 20,401,340	\$ 18,676,887
Fees and user charges	4,584,990	4,809,080	4,287,313
Government transfers - Federal (Note 16)	561,240	556,408	925,458
Government transfers - Ontario (Note 16)	15,602,310	7,149,914	14,183,599
Government transfers - Other	10,000	25,700	5,000
Income from government business enterprise (Note 6)	-	1,976,037	2,413,375
Investment income	1,018,000	1,341,285	1,755,330
Interest and penalties on tax arrears	450,000	530,333	464,009
Other income (Note 17)	2,920,380	2,968,848	3,319,696
	45,360,110	39,758,945	46,030,667
Expenses (Note 18)			
Recreation and culture	11,253,525	12,962,994	8,758,562
Planning and development	4,027,650	3,580,907	3,620,038
Protection to persons and property	2,432,568	2,554,010	2,103,548
Transportation and roadways	11,107,356	10,475,472	10,742,088
General government	4,302,821	4,263,942	3,575,459
	33,123,920	33,837,325	28,799,695
Annual surplus	12,236,190	5,921,620	17,230,972
Accumulated surplus, beginning of year	149,685,769	149,685,769	132,454,797
Accumulated surplus, end of year	\$161,921,959	\$155,607,389	\$149,685,769

The Corporation of the Town of Bracebridge Consolidated Statement of Changes in Net Debt

For the year ended December 31	(Note 14) Budget 2024	Actual 2024	Actual 2023
Annual surplus	\$ 12,236,190	\$ 5,921,620	\$ 17,230,972
Acquisition of tangible capital assets	(30,151,110)	(29,280,382)	(35,965,607)
Contribution of tangible capital assets	-	-	(1,873,200)
Amortization of tangible capital assets	6,750,000	5,352,707	6,243,621
Loss (gain) on disposal of tangible capital assets	(35,000)	341,014	(15,606)
Proceeds on disposal of tangible capital assets	-	736,081	29,144
	<u>(11,199,920)</u>	<u>(16,928,960)</u>	<u>(14,350,676)</u>
Acquisition of supplies inventory	-	69,650	(89,994)
Acquisition of prepaid expenses	-	(666,969)	525,211
	<u>-</u>	<u>(597,319)</u>	<u>435,217</u>
Decrease in net financial assets	(11,199,920)	(17,526,279)	(13,915,459)
Net financial assets , beginning of year	<u>8,049,368</u>	<u>8,049,368</u>	<u>21,964,827</u>
Net financial assets (net debt) , end of year	<u>\$ (3,150,552)</u>	<u>\$ (9,476,911)</u>	<u>\$ 8,049,368</u>

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

The Corporation of the Town of Bracebridge Consolidated Statement of Cash Flows

For the year ended December 31	2024	2023
Operating transactions		
Annual surplus	\$ 5,921,620	\$ 17,230,972
Non-cash items		
Income from enterprise (Note 6)	(1,976,037)	(2,413,375)
Amortization of tangible capital assets	5,352,707	6,243,621
Accretion expense	6,417	14,629
Loss (gain) on disposal of tangible capital assets	341,014	(15,606)
Contribution of tangible capital assets	-	(1,873,200)
	<u>9,645,721</u>	<u>19,187,041</u>
Changes in non-cash assets and liabilities		
Taxes receivable	(960,587)	(565,328)
Trade and other receivables	10,604,884	(12,040,569)
Long-term receivables	50,653	357,665
Accounts payable and accrued liabilities	(2,418,542)	860,193
Asset retirement obligation	(189,720)	-
Tax revenue received in advance	142,029	87,620
Pensions and other employee benefits	(13,133)	(13,380)
Deferred revenue	26,744	464,619
Inventories of supplies	69,650	(89,994)
Prepaid expenses	(666,969)	525,211
	<u>16,290,730</u>	<u>8,773,078</u>
Capital transactions		
Proceeds on disposal of tangible capital assets	736,081	29,144
Cash used to acquire tangible capital assets	(29,280,382)	(35,965,607)
	<u>(28,544,301)</u>	<u>(35,936,463)</u>
Investing transactions		
Dividend received from government business enterprise	1,099,400	1,099,400
Financing transactions		
Proceeds from debt issues	-	25,210,000
Debt repayment	(1,704,026)	(1,254,172)
	<u>(1,704,026)</u>	<u>23,955,828</u>
Decrease in cash and cash equivalents	(12,858,197)	(2,108,157)
Cash and cash equivalents, beginning of year	31,163,175	33,271,332
Cash and cash equivalents, end of year	\$ 18,304,978	\$ 31,163,175
Represented by		
Cash and cash equivalents	\$ 11,540,672	\$ 24,742,711
Temporary investments	6,764,306	6,420,464
	<u>\$ 18,304,978</u>	<u>\$ 31,163,175</u>

Supplementary Information

During the year, the municipality paid cash interest in the amount of \$1,177,755 (2023 - \$1,297,494).

The Corporation of the Town of Bracebridge Summary of Significant Accounting Policies

December 31, 2024

Management's Responsibility for the Financial Statements

The consolidated financial statements of The Corporation of the Town of Bracebridge (the Municipality) are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Town of Bracebridge is a municipality in the province of Ontario. The municipality provides services such as general government services, protection to persons and property, transportation and roadways, public works, planning and development, parks and recreation.

Reporting Entity

The reporting entity includes the Municipality and all entities that are controlled by the Municipality.

All controlled entities are consolidated in the Municipality's financial statements according to the Municipality's percentage ownership except for entities that meet the definition of a government business enterprise or a government business partnership, which are included in the financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Entities fully consolidated in the Municipality's financial statements include:

Bracebridge Public Library Board - 100%
Business Improvement Area Board - 100%

Under the modified equity method of accounting, only the Municipality's investment in the entity and the Municipality's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of the Municipality and inter-organizational balances and transactions are not eliminated.

Entity's accounted for on a modified equity basis include:

Lakeland Holding Ltd. (Note 6) - 54.97%

Basis of Accounting

The consolidated financial statements have been prepared using Canadian public sector accounting standards.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and temporary investments having a maturity of less than three months from date of acquisition and are held for the purpose of meeting short-term cash commitments.

The Corporation of the Town of Bracebridge Summary of Significant Accounting Policies

December 31, 2024

Deferred Revenue Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

Post Retirement Benefits The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

The Municipality also provides certain extended health benefits to qualifying employees through an insurance provider which invoices the Municipality for the cost of the plan. The cost is recognized based on management's best estimate of the future premiums associated with these benefits.

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

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

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	30 to 40 years
Transportation infrastructure	5 to 50 years
Recreation areas	10 & 20 years
Fleet	5 years
Equipment	4 to 25 years

The Corporation of the Town of Bracebridge Summary of Significant Accounting Policies

December 31, 2024

Asset Retirement Obligations	<p>A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.</p>
District and School Boards	<p>The Municipality collects taxation revenue on behalf of the school boards and the District Municipality of Muskoka. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the District Municipality of Muskoka are not reflected in these consolidated financial statements.</p>
Trusts Under Administration	<p>Trusts administered by the Municipality are not included in these consolidated financial statements.</p> <p>The financial activity and position of the trust funds are reported separately on the schedule of trust funds balances and trust funds statement of continuity (Page 33).</p>
Use of Estimates	<p>The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these consolidated financial statements are the determination of the valuation allowance for taxes, trade and other receivables, the estimated useful life of tangible capital assets, accrued liabilities, asset retirement obligation and taxation revenue related to supplementary taxes. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

The Corporation of the Town of Bracebridge Summary of Significant Accounting Policies

December 31, 2024

Government Transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Taxation Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as requests for reconsideration, appeals to the assessment review board or any other adjustments allowed by legislation, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Revenue related to fees or services received in advance of the fee being earned or when the service is performed is deferred and recognized when the fee is earned or the service is performed.

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.

The Corporation of the Town of Bracebridge Summary of Significant Accounting Policies

December 31, 2024

Financial Instruments

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

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. There are no unrealized changes in fair value as at December 31, 2024 and December 31, 2023. As a result, the Municipality does not have a consolidated statement of remeasurement gains and losses.

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

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

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

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

1. Financial Instruments

Classification

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

	2024		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 11,540,672	\$ -	\$ 11,540,672
Temporary investments	-	6,764,306	6,764,306
Trade and other receivables	-	3,967,639	3,967,639
Long-term receivables	-	370,198	370,198
Accounts payable and accrued liabilities	-	15,356,413	15,356,413
Long-term liabilities	-	53,976,692	53,976,692
	\$ 11,540,672	\$ 80,435,248	\$ 91,975,920

Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2024			
	Level 1	Level 2	Level 3	Total
Cash	\$11,540,672	\$ -	\$ -	\$11,540,672

There were no transfers between level 1, level 2 or level 3 for the year ended December 31, 2024.

Financial Instrument Risk Management

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

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

1. Financial Instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality is exposed to credit risk through its cash and cash equivalents, temporary investments, trade and other receivables and long-term receivables.

Cash and cash equivalents are held at federally regulated chartered banks with cash amounts insured up to \$100,000. With the exception of one long-term receivable balance, no significant collection issues related to trade and other receivables and long-term receivables have been identified. The Municipality has recorded an allowance for doubtful accounts of \$607,000 (2023 - \$568,000).

The Municipality's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and cash equivalents, temporary investments, trade and other receivables and long-term receivables as presented on the statement of financial position.

At year end, the amounts outstanding for the Municipality's trade and other receivables are as follows:

	2024	2023
Current	\$ 3,550,030	\$14,248,761
31 to 60 days	420	10,916
61 to 90 days	-	50,385
Over 90 days	417,189	262,461
	\$ 3,967,639	\$14,572,523

There have not been any changes from the prior year in the Municipality's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting its obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term liabilities. The Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

There have not been any changes from the prior year in the Municipality's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

**The Corporation of the Town of Bracebridge
Notes to Consolidated Financial Statements**

December 31, 2024

2. Restricted Cash

	2024	2023
Obligatory reserve funds		
Development Charges Act	\$ 865,315	\$ 2,521,637
Subdivider contributions for parkland	180,948	184,467
Parking	27,868	26,039
	\$ 1,074,131	\$ 2,732,143

3. Temporary Investments

	2024	2023
One Investment Program - bond funds, at cost	\$ 2,699,286	\$ 2,384,019
One Investment Program - equity funds, at cost	4,065,020	4,036,445
	\$ 6,764,306	\$ 6,420,464

Temporary investments have a market value of \$7,959,317 (2023 - \$7,167,440) at the end of the year.

The One Investment Program funds are held for the purpose of meeting long-term capital obligations.

4. Taxes Receivable

In addition to levying and collecting the Municipality's taxes, the Municipality is responsible for levying, collecting and remitting taxes imposed by School Boards and the District Municipality of Muskoka.

	2024	2023
Taxes receivable	\$ 4,158,136	\$ 3,197,549
Less: allowance for anticipated tax adjustments	(29,174)	(29,174)
	\$ 4,128,962	\$ 3,168,375

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

5. Long-Term Receivables

Long-term receivables are comprised of two amounts as follows:

	2024	2023
Theatre Muskoka	\$ 862,930	\$ 862,930
Valuation allowance	(607,000)	(568,000)
	255,930	294,930
Community improvement program	114,268	125,921
	\$ 370,198	\$ 420,851

The first amount relates to an agreement with the Theatre Muskoka related to financing of the construction costs of the community theatre component of the community recreation complex capital project. There are no fixed terms of repayment and the balance is non-interest bearing. The Theatre Muskoka has agreed to repay the outstanding balance from capital fundraising proceeds, a ticket surcharge and net revenues of the theatre operations. Due to the amount of the balance currently outstanding and considering historical payment patterns of the Theatre Muskoka, the Municipality has established an offsetting allowance, should a portion of the balance be deemed uncollectible at some point in the future.

The second amount relates to the Community Improvement Plan whereby the Municipality advances eligible businesses amounts which are one-half grant and one-half loan, with the loan component to be repaid over five years, interest free.

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

6. Investment in Government Business Enterprise

The Municipality owns 54.97% of the common shares of Lakeland Holding Ltd. (the "Company"). The Company is a government business enterprise and is accounted for using the modified equity method in these consolidated financial statements. The Company and its subsidiaries are incorporated under the laws of Ontario and together they generate, sell and distribute hydro electric power and other retail services to users in Bracebridge, Huntsville, Sundridge, Burk's Falls, Magnetawan and Parry Sound, Ontario.

The following is condensed supplementary financial information for the Company and the Municipality portion of the Company for the years ended December 31, 2024 and December 31, 2023.

	Lakeland Holding Ltd. 2024	Municipality Portion 2024	Municipality Portion 2023
Current assets	\$ 18,180,338	\$ 9,993,732	\$ 11,157,555
Property and equipment	142,596,558	78,385,328	75,998,128
Other assets	8,078,832	4,440,934	4,735,822
	\$168,855,728	\$ 92,819,994	\$ 91,891,505
Liabilities	\$103,613,928	\$ 56,956,576	\$ 56,904,726
Shareholders' equity	65,241,800	35,863,418	34,986,779
	\$168,855,728	\$ 92,819,994	\$ 91,891,505
Revenues	\$ 70,862,289	\$ 38,953,000	\$ 37,041,556
Expenses	67,267,532	36,976,963	34,628,181
Net income for the year	\$ 3,594,757	\$ 1,976,037	\$ 2,413,375

The Company is involved in various lawsuits and claims in the normal course of business. In the opinion of management, the final determination of these proceedings will not materially affect the financial position, results of operations or cash flows of the Company.

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

7. Asset Retirement Obligation

The Municipality's financial statements include an asset retirement obligation for the future removal of asbestos and site remediation. The related asset retirement costs are being amortized on a declining balance basis. The liability has been estimated using a net present value technique with a discount rate of 4.69%. The estimated total undiscounted future expenditures are \$113,907. The liability is expected to be settled in 2032.

The carrying amount of the liability is as follows:

	2024		2023
Asset retirement obligation as at December 31	\$ 326,548	\$	311,919
Decrease due to liability settled during the current year	(189,720)		-
Increase due to accretion expense	6,417		14,629
	\$ 143,245	\$	326,548

8. Temporary Borrowings

The Municipality has an operating demand facility agreement with Scotiabank. The amount available under the facility is \$5,000,000 to finance general operating requirements. The interest rate on this facility is prime less 0.75%. At December 31, 2024, the Municipality had not drawn on this facility.

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

9. Deferred Revenue

Deferred revenue arises when externally restricted amounts are received in advance and have not been fully expended for the specified purposes.

Deferred grant revenue arises when grants received are conditional upon eligible expenses being incurred and where amounts received in advance have not been fully expended on eligible expenses.

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

	2024	2023
Deferred revenue		
Corporate services	\$ 52,724	\$ 109,576
Future road construction and sidewalks	724,049	522,907
Muskoka Lumber Community Centre	139,650	259,852
Cemetery	2,656	-
	919,079	892,335
Deferred revenue - obligatory reserve funds		
Development Charges Act	865,315	2,521,637
Subdivider contributions	180,948	184,467
Parking	27,868	26,039
	1,074,131	2,732,143
	\$ 1,993,210	\$ 3,624,478

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

9. Deferred Revenue (continued)

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

	Development Charges Act	Subdivider Contributions	Parking
Obligatory reserve funds			
Balance, beginning of year	\$ 2,521,637	\$ 184,467	\$ 26,039
Funds received during the year	241,463	42,595	-
Interest earned	116,846	-	1,829
Revenue recognized during the year	(2,014,631)	(46,114)	-
Balance, end of year	\$ 865,315	\$ 180,948	\$ 27,868

The Development Charges Act and Subdivider Contributions funds used during the year are, respectively, included in the consolidated statement of operations as follows: \$2,014,631 and \$46,114 totaling \$2,060,745 is included in other income.

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

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

10. Long-Term Liabilities

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

	2024	2023
Debenture payable - District Municipality of Muskoka, payable \$197,107 semi-annually including interest at 4.876%, due December 2025	\$ 380,253	\$ 742,620
Debenture payable - District Municipality of Muskoka, payable \$122,955 semi-annually including interest at 5.34%, due July 2026	460,667	673,420
Debenture payable - District Municipality of Muskoka, annual set principal payment plus semi-annual interest payments at an average of 3.04%, due November 2037	4,609,000	4,897,000
Debenture payable - District Municipality of Muskoka, payable \$739,292 semi-annually including interest at 4.30%, due June 2052	23,713,146	24,157,677
Debenture payable - District Municipality of Muskoka, payable \$787,065 semi-annually including interest at 4.69%, due July 2053	24,813,626	25,210,000
	\$ 53,976,692	\$ 55,680,717

Long-term debt payments for the next five years and thereafter are due as follows:

Year	Gross	Interest	Principal
2025	\$ 4,126,851	\$ 2,347,299	\$ 1,779,552
2026	3,731,941	2,273,646	1,458,295
2027	3,486,849	2,214,284	1,272,565
2028	3,487,269	2,162,139	1,325,130
2029	3,488,121	2,107,446	1,380,675
Thereafter	74,541,650	27,781,175	46,760,475
	\$ 92,862,681	\$ 38,885,989	\$ 53,976,692

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by Ontario Regulation 403/02 under the Municipal Act, 2001.

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

11. Tangible Capital Assets

For the year ended December 31	Land	Buildings	Transportation Infrastructure	Recreation Areas	Fleet	Equipment	Construction in Progress	2024 Total	2023 Total
Cost, beginning of year	\$ 10,330,300	\$ 32,078,112	\$ 108,719,001	\$ 8,604,398	\$ 8,713,065	\$ 8,209,332	\$ 54,299,780	\$ 230,953,988	\$ 193,516,032
Additions	-	11,962,218	6,188,329	2,768,082	958,292	6,874,148	529,313	29,280,382	37,838,807
Disposals	(34,732)	(2,140,436)	(362,933)	(93,553)	(289,120)	(1,326,540)	-	(4,247,314)	(400,851)
Transfers	-	53,685,045	436,243	15,552	-	-	(54,136,840)	-	-
Cost, end of year	10,295,568	95,584,939	114,980,640	11,294,479	9,382,237	13,756,940	692,253	255,987,056	230,953,988
Accumulated amortization, beginning of year	-	12,431,635	64,879,947	3,807,835	4,487,928	4,190,157	-	89,797,502	83,941,197
Amortization	-	1,201,203	2,466,340	437,995	658,342	588,827	-	5,352,707	6,243,621
Disposals	-	(1,327,952)	(334,868)	(70,324)	(269,597)	(1,167,478)	-	(3,170,219)	(387,316)
Accumulated amortization, end of year	-	12,304,886	67,011,419	4,175,506	4,876,673	3,611,506	-	91,979,990	89,797,502
Net carrying amount, end of year	\$ 10,295,568	\$ 83,280,053	\$ 47,969,221	\$ 7,118,973	\$ 4,505,564	\$ 10,145,434	\$ 692,253	\$ 164,007,066	\$ 141,156,486

The net book value of tangible capital assets not being amortized because they are under construction is \$692,253 (2023 - \$54,299,780).

\$Nil (2023 - \$1,873,200) in contributed transportation infrastructure tangible capital assets were recognized in the consolidated financial statements during the year.

The Municipality holds various historical items pertaining to the history of the Municipality. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

The Corporation of the Town of Bracebridge
Notes to Consolidated Financial Statements

December 31, 2024

12. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2024	2023
Reserves		
Business improvement area	\$ 91,307	\$ 112,428
Cemeteries	26,361	26,361
Development services	2,837,507	2,895,837
Emergency and protective services	322,455	878,355
General government	658,965	960,050
Library and other facilities	90,613	197,143
Major infrastructure	201,085	2,785,241
Other	2,750,647	2,001,192
Public works	3,093,970	2,488,970
Recreation, parks and trails	664,893	1,300,754
Tax rate stabilization	302,392	7,963,089
Amounts self-financed from reserves	(488,873)	(601,573)
	10,551,322	21,007,847
Net equity in Lakeland Holding Ltd.	35,863,417	34,986,780
Investment in tangible capital assets	164,007,066	141,156,486
Amounts to be recovered (Note 19)	(54,022,052)	(55,739,210)
Unallocated surplus	(792,364)	8,273,866
	\$155,607,389	\$149,685,769

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserves represent funds set aside by by-law or council resolution for specific purposes.

**The Corporation of the Town of Bracebridge
Notes to Consolidated Financial Statements**

December 31, 2024

13. Contingencies

As a part of the ongoing operations of the Municipality, claims requesting damages are filed against the municipality. The ultimate outcome of these claims are not determinable at the time of issue of these consolidated financial statements. No provision for these claims has been recorded in these consolidated financial statements. Settlements in excess of insurance, if any, will be reflected in the period in which settlement occurs. Management is of the opinion that adequate insurance coverage is in place for all outstanding matters, should the municipality be found liable.

The Municipality has made a commitment to directly contribute up to \$10,000,000 by July 2037, consisting in combined value of funds, land or in-kind goods or services towards the local share cost of developing two new hospitals in Muskoka.

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

14. Budget

The Budget was adopted by Council on February 14, 2024 and confirming by-law 2024-029 was passed on the same date. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. Council has reviewed and approved the 2024 Report on Excluded Expenses as required by Ontario Regulation 284/09 which expressly permits municipalities to exclude amortization expense from the budget. The budget approved by council represents a balanced budget from a cash flow perspective and therefore includes budgeted transfers from prior year's reserves and reduction of long-term debt. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on February 14, 2024 with adjustments as follows:

	2024
Budget surplus for the year	\$ -
Add:	
Capital expenses	30,151,110
Debt repayment	1,704,030
Transfers to reserve funds	753,260
Self-finance transactions	112,700
Less:	
Amortization	(6,750,000)
Debenture proceeds	(3,000,000)
Dividend income	(1,099,400)
Transfers from reserve funds	(9,635,510)
 Budget surplus per statement of operations	 <u>\$ 12,236,190</u>

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2024 budget amounts for the Municipality approved by Council have been restated to conform to the basis of preparation of the revenues and expenses on the consolidated statement of operations.

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

15. Operations of School Boards and the District Municipality of Muskoka

During the year, the following taxation revenue was levied and remitted to the school boards and the District Municipality of Muskoka:

	2024	2023
Taxation	\$ 46,849,022	\$ 43,640,243
Taxation from other governments	272,562	255,164
Less: school board requisitions	(7,363,081)	(7,061,903)
Less: upper tier requisitions	(19,357,163)	(18,156,617)
	\$ 20,401,340	\$ 18,676,887

16. Government Transfers

	2024	2023
Revenue:		
Canada community building fund	\$ 551,982	\$ 925,458
Other federal grants	4,426	-
Total federal grants	556,408	925,458
Ontario municipal partnership fund	1,598,100	1,576,700
Provincial operating grant - library	31,808	33,478
Strategic priority infrastructure fund	4,866,234	11,996,000
Other provincial grants	653,772	577,421
Total provincial grants	7,149,914	14,183,599
	\$ 7,706,322	\$ 15,109,057
Expenses:		
Community grants and support	\$ 181,466	\$ 151,792

The government transfer expenses have been included in planning and development and general government expenses in the statement of operations.

**The Corporation of the Town of Bracebridge
Notes to Consolidated Financial Statements**

December 31, 2024

17. Other Income

	(Note 14) Budget 2024	Actual 2024	Actual 2023
Contribution of tangible capital assets (Note 11)	\$ -	\$ -	\$ 1,873,200
Donations	49,570	396,539	89,131
Gain (loss) on disposal of tangible capital assets	35,000	(341,014)	15,606
Obligatory reserve funds revenue recognized (Note 9)	2,092,400	2,060,745	125,000
Other	23,700	25,916	35,075
Rental	250,250	244,308	261,345
Sale of land and other assets	469,460	582,354	920,339
	\$ 2,920,380	\$ 2,968,848	\$ 3,319,696

18. Expenses by Object

Total operating expenses for the year reported on the consolidated statement of operations are as follows:

	(Note 14) Budget 2024	Actual 2024	Actual 2023
Salaries, wages and employee benefits	\$ 12,935,971	\$ 13,413,769	\$ 10,774,978
Materials	8,916,149	10,175,560	8,762,514
Contracted services	2,099,780	1,901,494	1,732,639
Interest on long-term debt	2,422,020	2,993,795	1,285,943
Amortization	6,750,000	5,352,707	6,243,621
	\$ 33,123,920	\$ 33,837,325	\$ 28,799,695

19. Amounts to be Recovered

	2024	2023
Capital outlay financed by long-term liabilities and to be recovered in future years	\$ 53,976,692	\$ 55,680,717
Post-employment benefits	45,360	58,493
	\$ 54,022,052	\$ 55,739,210

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

20. Post Retirement Benefits

OMERS provides pension services to approximately 640,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets at that date of \$139,576 million indicating an actuarial deficit of \$2,913 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2024 were \$878,981 (2023 - \$731,512).

The Municipality provides post-retirement extended health benefits to qualifying persons through an insurance provider which invoices the Municipality for the cost of the plan. The cost to the Municipality for 2024 was \$15,138 (2023 - \$12,538).

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

21. Segmented Information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as fire protection and community services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Recreation and Culture

This service area provides services meant to improve the health and development of the Municipality's citizens. Recreational programs and cultural programs like swimming and skating are provided at arenas, aquatic centres and community centres. Also, the Municipality provides library services to assist with its citizens' informational needs.

Planning and Development

This department provides a number of services including town planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Protection to Persons and Property

Protection is comprised of fire protection and by-law enforcement services. The Fire Department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department includes volunteers.

Transportation and Roadways

The Public Works Department is responsible for providing the Municipality's transportation infrastructure including transit, roads, sidewalks and bridges.

General Government

General government accounts for the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to any specific segment.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of budgeted amounts. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation: allocated to those segments that are funded by these amounts based on actual expenses for the year.

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

21. Segmented Information (continued)

For the year ended December 31	Recreation and Culture	Planning and Development	Protection to Persons and Property	Transportation and Roadways	General Government	2024 Total
Revenue						
Taxation	\$ 7,815,702	\$ 2,159,015	\$ 1,539,874	\$ 6,315,915	\$ 2,570,834	\$ 20,401,340
Fees and user charges	1,897,140	1,266,959	310,893	1,123,922	210,166	4,809,080
Government transfers	5,194,136	209,459	-	710,254	1,618,173	7,732,022
Income from enterprise	-	-	-	-	1,976,037	1,976,037
Interest income	17,807	-	-	-	1,323,478	1,341,285
Interest and penalties on tax arrears	-	-	-	-	530,333	530,333
Other income	1,858,653	209,473	132,157	(20,652)	789,217	2,968,848
	<u>16,783,438</u>	<u>3,844,906</u>	<u>1,982,924</u>	<u>8,129,439</u>	<u>9,018,238</u>	<u>39,758,945</u>
Expenses						
Salaries and benefits	4,794,687	2,205,356	1,569,707	2,286,293	2,557,726	13,413,769
Goods and services	2,972,369	1,092,334	491,182	4,846,776	772,899	10,175,560
Contracted services	611,290	216,505	115,006	296,572	662,121	1,901,494
Interest	2,849,252	66,712	77,831	-	-	2,993,795
Amortization of tangible capital assets	1,735,396	-	300,284	3,045,831	271,196	5,352,707
	<u>12,962,994</u>	<u>3,580,907</u>	<u>2,554,010</u>	<u>10,475,472</u>	<u>4,263,942</u>	<u>33,837,325</u>
Annual surplus (deficit)	<u>\$ 3,820,444</u>	<u>\$ 263,999</u>	<u>\$ (571,086)</u>	<u>\$ (2,346,033)</u>	<u>\$ 4,754,296</u>	<u>\$ 5,921,620</u>

The Corporation of the Town of Bracebridge Notes to Consolidated Financial Statements

December 31, 2024

21. Segmented Information (continued)

For the year ended December 31	Recreation and Culture	Planning and Development	Protection to Persons and Property	Transportation and Roadways	General Government	2023 Total
Revenue						
Taxation	\$ 5,680,014	\$ 2,347,630	\$ 1,364,172	\$ 6,966,350	\$ 2,318,721	\$ 18,676,887
Fees and user charges	1,429,700	1,404,944	109,905	1,163,145	179,619	4,287,313
Government transfers	12,140,507	224,524	-	1,058,085	1,690,941	15,114,057
Income from enterprise	-	-	-	-	2,413,375	2,413,375
Interest income	20,744	-	-	-	1,734,586	1,755,330
Interest and penalties on tax arrears	-	-	-	-	464,009	464,009
Other income	148,585	222,680	6,888	2,008,618	932,925	3,319,696
	<u>19,419,550</u>	<u>4,199,778</u>	<u>1,480,965</u>	<u>11,196,198</u>	<u>9,734,176</u>	<u>46,030,667</u>
Expenses						
Salaries and benefits	3,558,012	1,948,914	1,145,427	2,053,325	2,069,300	10,774,978
Goods and services	2,316,197	1,354,998	424,288	3,964,535	702,496	8,762,514
Contracted services	620,504	246,282	108,596	231,813	525,444	1,732,639
Interest	1,134,614	69,844	81,485	-	-	1,285,943
Amortization of tangible capital assets	1,129,235	-	343,752	4,492,415	278,219	6,243,621
	<u>8,758,562</u>	<u>3,620,038</u>	<u>2,103,548</u>	<u>10,742,088</u>	<u>3,575,459</u>	<u>28,799,695</u>
Annual surplus (deficit)	<u>\$ 10,660,988</u>	<u>\$ 579,740</u>	<u>\$ (622,583)</u>	<u>\$ 454,110</u>	<u>\$ 6,158,717</u>	<u>\$ 17,230,972</u>

**The Corporation of the Town of Bracebridge
Schedule of Town of Bracebridge Public Library Board Operations**

For the year ended December 31	Budget 2024	Actual 2024	Actual 2023
Revenue			
Ontario Library Per Capita Grant	\$ 33,000	\$ 31,808	\$ 33,478
Fines	1,510	3,189	3,926
Donations	2,070	-	500
Miscellaneous	15,910	26,405	20,477
	<u>52,490</u>	<u>61,402</u>	<u>58,381</u>
Expenses			
Administration charges	500	168	305
Advertising and program supplies	3,000	2,180	1,378
Amortization of tangible capital assets	86,273	103,793	79,723
General and office	122,620	132,273	62,590
Repairs and maintenance	205,360	199,080	173,661
Salaries, wages and benefits	1,105,460	1,137,644	794,678
Telephone	2,360	1,508	1,623
Travel and conferences	12,050	8,251	5,733
Utilities	49,750	68,496	16,896
	<u>1,587,373</u>	<u>1,653,393</u>	<u>1,136,587</u>
Deficit for the year	\$ (1,534,883)	\$ (1,591,991)	\$ (1,078,206)

**The Corporation of the Town of Bracebridge
Schedule of Trust Fund Balances and Continuity**

**Cemetery Care and Maintenance Trust Fund
Balances as at December 31, 2024**

	2024	2023
Assets		
Cash	\$ 6,378	\$ 6,015
Due from general account	2,362	2,935
Investments	843,592	810,691
	\$ 852,332	\$ 819,641
Fund balances	\$ 852,332	\$ 819,641

**Continuity of Cemetery Care and Maintenance Trust Fund
for the year ended December 31, 2024**

	Cemetery Perpetual Care 2024	Cemetery Perpetual Care 2023
Balance , beginning of year	\$ 819,641	\$ 799,463
Receipts		
Investment income	47,032	28,483
Perpetual care receipts	14,943	15,235
	61,975	43,718
Expenditures		
Commissions	5,493	4,891
Transfer to cemetery current fund	23,791	18,649
	29,284	23,540
Balance , end of year	\$ 852,332	\$ 819,641