
Consolidated financial statements of City of Kawartha Lakes

December 31, 2024

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Independent Auditor's Report

To the Members of Council
of the Corporation of the City of Kawartha Lakes

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Kawartha Lakes (the "City"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, change 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 (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2024, and the results of its operations, 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 ("Canadian GAAS"). 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 City 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City'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 GAAS 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 GAAS, 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 City'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 City'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 City 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the 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.

City of Kawartha Lakes
Consolidated statement of financial position
As at December 31, 2024

	Notes	2024 \$	2023 \$
Assets			
Cash		3,393,140	27,162,950
Investments	4	62,738,229	73,120,648
Taxes receivable	3	9,922,310	9,330,843
Accounts receivable	3	61,443,133	59,512,719
Other current assets		9,540	9,540
		137,506,352	169,136,700
Liabilities			
Accounts payable and accrued liabilities		35,413,075	32,712,193
Deferred revenue	5	62,399,081	61,641,343
Other liabilities		5,942,293	5,131,353
Accrued interest on long-term liabilities		234,550	271,606
Employee future benefits	6	32,990,244	29,988,295
Landfill closure and post closure accrual	16	—	—
Asset retirement obligations	16	31,370,637	30,701,594
Municipal debt	7	108,165,138	121,781,239
		276,515,018	282,227,623
Net debt		(139,008,666)	(113,090,923)
Non-financial assets			
Tangible capital assets	15 and 16	698,658,866	645,158,746
Inventory and prepaid expenses		8,483,923	4,878,204
		707,142,789	650,036,950
Contingencies and commitments	9		
Accumulated surplus	8	568,134,123	536,946,027

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

Approved by Council

_____, Member

_____, Member

City of Kawartha Lakes
Consolidated statement of operations
Year ended December 31, 2024

	Notes	Budget \$	2024 Actual \$	2023 Actual \$
		(Note 10)		
Revenue				
Taxes levied for own purposes		145,784,440	146,507,870	137,594,349
Payments in lieu from other governments		455,290	475,716	455,916
Taxation		146,239,730	146,983,586	138,050,265
User charges, licenses and fines		51,299,958	55,110,917	51,409,263
Grants				
Government of Canada		1,296,400	3,647,380	1,728,066
Province of Ontario		77,157,465	82,422,377	77,205,716
Other municipalities		5,500,122	5,592,841	2,405,782
Other				
Investment income		4,755,773	3,783,010	4,237,141
Gain on disposal of tangible capital assets		268,000	736,153	1,090,714
Penalties and interest on taxes		1,750,000	1,659,567	1,640,880
Restricted amounts earned	5	18,963,651	15,277,823	12,820,083
Donations and other		1,362,654	3,303,721	2,994,921
Contributed tangible capital assets		—	3,699,012	7,020,906
		308,593,753	322,216,387	300,603,737
Expenses	11			
General government		31,652,128	34,761,237	31,431,123
Protection to persons and property		37,610,202	46,754,706	39,715,713
Transportation services		53,223,646	51,763,381	52,471,086
Environmental services		30,813,348	34,518,752	36,206,646
Health services		18,527,490	19,847,154	17,003,209
Social services		60,329,356	61,956,566	55,699,051
Housing services		14,611,263	15,303,877	14,834,226
Recreational and cultural services		16,034,059	18,726,139	17,191,815
Planning and development		6,547,976	7,396,479	5,592,847
		269,349,468	291,028,291	270,145,716
Annual surplus		39,244,285	31,188,096	30,458,021
Accumulated surplus, beginning of year		536,946,027	536,946,027	506,488,006
Accumulated surplus, end of year		576,190,312	568,134,123	536,946,027

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

City of Kawartha Lakes**Consolidated statement of change in net debt**

Year ended December 31, 2024

	Budget	2024	2023
	\$	Actual	Actual
	\$	\$	\$
	(Note 10)		
Annual surplus	39,244,285	31,188,096	30,458,021
Acquisition of tangible capital assets	(71,804,840)	(86,543,301)	(81,554,181)
Amortization of tangible capital assets	27,332,930	32,322,562	31,489,048
Gain on disposal of tangible capital assets	—	(736,153)	(1,090,714)
Proceeds on disposal of tangible capital assets	—	1,456,772	3,107,392
	(5,227,625)	(22,312,024)	(17,590,434)
Change in inventory and prepaid expenses	—	(3,605,719)	(537,152)
	(5,227,625)	(25,917,743)	(18,127,586)
Net debt, beginning of year	(113,090,923)	(113,090,923)	(94,963,337)
Net debt, end of year	(118,318,548)	(139,008,666)	(113,090,923)

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

City of Kawartha Lakes
Consolidated statement of cash flows
Year ended December 31, 2024

	2024 \$	2023 \$
Operating activities		
Annual surplus	31,188,096	30,458,021
Items not involving cash		
Amortization of tangible capital assets	32,322,562	31,489,048
Gain on disposal of tangible capital assets	(736,153)	(1,090,714)
Contributed tangible capital assets	(3,699,012)	(7,020,906)
ARO accretion	605,133	592,107
Change in non-cash assets and liabilities		
Taxes receivable	(591,467)	1,431,052
Accounts receivable	(1,930,414)	(3,370,057)
Other current assets	—	—
Accounts payable and accrued liabilities	2,700,882	3,987,191
Deferred revenue	757,738	3,161,570
Other liabilities	810,940	611,852
Accrued interest on long-term liabilities	(37,056)	(11,706)
Employee future benefits	3,001,949	3,524,876
Landfill closure and post closure accrual	—	(20,103,310)
Asset retirement obligation	669,043	30,109,487
Inventory and prepaid expenses	(3,605,719)	(537,152)
	61,456,522	73,231,359
Capital activities		
Acquisition of tangible capital assets	(83,449,422)	(74,533,275)
Proceeds on disposal of tangible capital assets	1,456,772	3,107,392
	(81,992,650)	(71,425,883)
Investing activity		
Decrease (increase) in investments	10,382,419	(11,656,088)
Financing activities		
Municipal debt issued	145,800	15,296,141
Municipal debt repaid	(13,761,901)	(13,168,105)
	(13,616,101)	2,128,036
Change in cash	(23,769,810)	(7,722,576)
Cash, beginning of year	27,162,950	34,885,526
Cash, end of year	3,393,140	27,162,950

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

The City of Kawartha Lakes is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation. The City provides municipal services such as fire, roads maintenance and construction, transit, planning, parks and recreation, library and other general government operations.

1. Summary of significant accounting policies

The consolidated financial statements of the City are the representations of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the City are as follows:

(a) (i) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees controlled by the City, including the following:

Public Library Board

Police Services Board including municipal and OPP services

Lindsay Downtown Business Improvement Association

Waterworks and Sewer Systems

Cemetery Boards

Parks, Recreation and Heritage Boards and Committees

Community Centres

Kawartha Lakes Haliburton Housing Corporation

All material inter-entity transactions and balances are eliminated on consolidation.

(ii) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(iii) Trust funds

Trust funds and their related operations administered by the City are not consolidated, but are reported separately.

(b) (i) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting with the exception of Provincial Offences Act fine revenues which are accounted for on a cash basis. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Investment and other revenue

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

1. Summary of significant accounting policies (continued)

(b) (i) Basis of accounting (continued)

Investment and other revenue (continued)

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

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

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

	<u>Useful life-years</u>
Land improvements	10-20
Building and building improvements	10-50
Vehicles, machinery and equipment	5-20
Water and sewer systems	25-80
Road infrastructure	<u>10-50</u>

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

Contribution of tangible capital assets

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

Interest capitalization

The City's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

Intangible assets

Intangible assets are not recognized as assets in the consolidated financial statements.

(ii) Deferred revenue

Under PSAB accounting principles, obligatory reserve funds and any other externally restricted contributions must be reported as deferred revenue. These amounts will be recognized as revenues in the fiscal year in which the qualifying expenditures are made.

1. Summary of significant accounting policies (continued)

(b) (iii) Employee future benefits

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of all employees covered.

(iv) Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Tax revenue is recognized on all taxable properties within the City that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the City as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the City's own purposes in the period for which the tax is levied.

(v) Asset retirement obligation

Asset retirement obligations ("AROs") represent the legal obligations associated with the retirement of a tangible capital assets that result from its acquisition, construction, development, or normal use. The tangible capital assets ("TCA") include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

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

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values of time subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same buses as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursements is made in the future to settle the obligation.

1. Summary of significant accounting policies (continued)

(b) (v) Asset retirement obligation (continued)

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

Previously, the City was required to account for the closure and post-closure costs of the solid waste disposal facilities as a future liability in its financial statements. The new Asset Retirement Obligations replaces and includes this liability.

(vi) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the reported amount of revenues and expenses during the period. Significant estimates relate to taxes receivable, accounts receivable, accrued liabilities, employee future benefits, landfill closure and post-closure accrual, contaminated sites, tangible capital assets and asset retirement obligations. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Taxation raised on behalf of others

Further to Note 1(a) (ii), requisitions were made by the School Boards requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	2024	2023
	\$	\$
Requisitions of School Boards		
English public	23,955,360	23,423,474
French public	23,830	25,030
English separate	2,007,919	2,017,304
French separate	58,659	59,083
	<u>26,045,768</u>	<u>25,524,891</u>

3. Accounts and Taxes receivable

Accounts and Taxes receivable are reported net of allowance for doubtful accounts of \$31,981 (\$75,401 in 2023) and of \$521,128 (\$546,969 in 2023) respectively.

4. Investments

Investments of \$62,738,229 (\$73,120,648 in 2023) reported on the Consolidated Statement of Financial Position at amortized cost, had a market value of \$63,911,515 (\$73,473,131 in 2023) at the end of the year. Investments consist mainly of guaranteed investment certificates, federal, provincial, and municipal bonds and money market securities that mature in the range of 1-7 years. Interest rates on these investments range from 1.60%-6.25%. These investments are carried at amortized cost given their fixed maturity, interest rates and maturity value and have no fair value with the exception of mutual fund of \$230,970 (\$750,701 in 2023) held within the investment portfolios.

4. Investments (continued)

As the re-measurement gain (loss) resulting from the standard PS 3041 is nominal to the financial statements of the City, a Statement of Re-measurement Gains and Losses has not been prepared.

5. Deferred revenue

	2024 \$	2023 \$
Obligatory reserve funds		
Recreational land (Planning Act)	1,817,896	1,493,619
Development Charges Act	750,516	1,519,476
Federal and Provincial Gas Tax Reserves	5,627,408	5,659,018
Other	5,749,789	1,557,759
Reserve funds restricted for specified purposes to benefit residents in geographic areas of former municipalities (Restructuring Order and City of Kawartha Lakes Act)	23,131,588	22,947,573
	37,077,197	33,177,445
Restricted reserves		
Reserves restricted for specific purposes to benefit residents in geographic areas of former municipalities (Restructuring Order)	—	8,540
	37,077,197	33,185,985
Other deferred revenue		
Unearned grants	5,598,226	12,895,795
Other unearned revenue	19,723,658	15,559,563
	62,399,081	61,641,343

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

	Parkland levies and development charges \$	Gas tax reserves and other \$	Amounts restricted by amalgamation legislation \$	2024 Total \$	2023 Total \$
Balance, beginning of year	3,013,095	7,216,777	22,956,113	33,185,985	34,276,115
Restricted funds received	8,162,298	9,958,704	866,345	18,987,347	11,786,412
Interest earned	(86,026)	267,714	—	181,688	(56,459)
Revenue recognized	(8,520,955)	(6,065,997)	(690,871)	(15,277,823)	(12,820,083)
Balance, end of year	2,568,412	11,377,198	23,131,587	37,077,197	33,185,985

The City of Kawartha Lakes Act, 2001 required proceeds of sale of the six former municipal hydro systems to be set aside and used only for the benefit of residents in geographic areas served by each of the hydro systems. The net proceeds are included in restricted deferred revenue and will only be recognized as revenue in the consolidated statement of operations when qualifying expenses are incurred.

6. Employee future benefits

The City provides certain employee benefits which will require funding in future periods.

	2024	2023
	\$	\$
Accrued payroll	3,003,786	2,101,503
Vacation and overtime payable	1,890,358	1,410,892
WSIB self-insured claims (Note 9)	16,359,800	15,209,500
Post-employment benefits	11,736,300	11,266,400
Employee future benefits payable	32,990,244	29,988,295

Vacation pay and overtime liability

The City budgets for payroll and vacation and overtime banks based on timing of payment. The above liabilities for payroll, vacation and overtime represent amounts earned by employees but not paid prior to year-end. The accrued balances will require funding in future periods, and are segregated in the accumulated surplus balance as disclosed in Note 8.

Post-employment benefit liability

The City sponsors a defined benefit plan for post-employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 63.5 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$398,800 (\$369,047 in 2023).

An actuarial valuation for accounting purposes is performed triennially using the projected benefit method prorated on service. An external actuarial valuation was completed as of December 31, 2024. The post-employment benefit liability at December 31 includes the following components:

	2024	2023
	\$	\$
Accrued benefit obligation	9,979,500	8,912,200
Actuarial loss	1,756,800	2,354,200
Post-employment benefits liability	11,736,300	11,266,400

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect management's best estimates. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate		2.00%
Discount rate	<ul style="list-style-type: none"> beginning of year end of year 	2.20% 4.30%
Medical cost increases	<ul style="list-style-type: none"> first year second year decreasing over 10 years to 	4.50% 4.50% 4.50% plus CPI (assumed to be 2.5%)
Expected annual rate of dental cost increase		4.50% plus CPI (assumed to be 2.5%)

6. Employee future benefits (continued)

Post-employment benefit liability (continued)

The post-employment benefit expense is reported as a component of expenses on the consolidated statement of operations. Composition of the amount is as follows:

	2024	2023
	\$	\$
Current service cost	573,400	781,800
Amortization of actuarial gains	(597,400)	344,600
Interest on post-employment benefit liability	422,600	251,100
Total expense related to post-employment benefits	398,600	1,377,500

Pension agreement

The City makes contributions to the Ontario Municipal Employees' Retirement Fund 'OMERS', which is a multi-employer plan, on behalf of 660 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount the City contributed to OMERS for 2024 was \$7,122,703 (\$6,224,848 in 2023) for current service which is included as an expense in the consolidated statement of operations.

7. Municipal debt

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

	2024	2023
	\$	\$
Total debt incurred and outstanding at December 31 to be financed from		
General tax rates	46,995,905	54,426,832
Water and sewer	52,807,019	57,932,208
Northwest Trunk Developer Debt	7,334,789	8,001,890
Benefiting landowners for local improvements and tile loans	331,967	250,716
Kawartha Lakes Haliburton Housing	695,458	1,169,593
Net municipal debt	108,165,138	121,781,239

- (a) The municipal debt issued in the City's name and the names of amalgamated former municipalities have been approved by the Ontario Municipal Board or by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Housing.
- (b) The City entered into an agreement with Infrastructure Ontario to debenture funds to offset future developer contributions for the Northwest Trunk capital project in the amount of \$14,139,897 plus \$4,540,300 in interest for a twenty year period in 2015. These funds are to be recovered as they are received for development.

7. Municipal debt (continued)

- (c) Interest rates vary from 1.62% to 4.98%. Total future payments over the next 5 years and thereafter are summarized as follows:

	2025	2026	2027	2028	2029	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
Principal							
Municipal	7,382,658	6,524,410	4,827,008	3,018,845	2,773,463	22,469,521	46,995,905
Water and sewer	4,721,070	4,785,275	4,577,155	4,337,567	3,955,847	30,430,105	52,807,019
Northwest Trunk Developer Debt	667,100	667,100	667,100	667,100	667,100	3,999,289	7,334,789
Tile Drain	41,561	41,963	44,481	35,900	35,337	132,725	331,967
Kawartha Lakes							
Haliburton	406,493	288,965	—	—	—	—	695,458
	13,218,882	12,307,713	10,115,744	8,059,412	7,431,747	57,031,640	108,165,138
Interest							
Municipal	1,328,196	1,129,587	953,699	850,890	768,170	4,522,604	9,553,146
Water and sewer	1,838,185	1,662,306	1,486,305	1,315,405	1,152,000	5,742,059	13,196,260
Northwest Trunk Developer Debt	237,889	215,757	193,624	171,978	145,170	431,621	1,396,039
Tile Drain	19,800	17,424	14,907	12,238	10,084	22,477	96,930
Kawartha Lakes							
Haliburton	34,254	9,279	—	—	—	—	43,533
	16,677,206	15,342,066	12,764,279	10,409,923	9,507,171	67,750,401	132,451,046

- (d) Total gross payments for the year to service municipal debt are as follows:

	Municipal	Water and sewer	Tile drain	Kawartha Lakes Haliburton Housing	Northwest Trunk Developer Debt	Total
	\$	\$	\$	\$	\$	\$
Principal	7,430,928	5,125,191	64,549	474,135	667,100	13,761,903
Interest	1,525,148	1,842,583	15,336	39,140	—	3,422,207
	8,956,076	6,967,774	79,885	513,275	667,100	17,184,110

- (e) Kawartha Lakes Haliburton Housing debentures in the amount of \$204,364 (\$361,980 in 2023) are paid for by the Provincial government on behalf of the Housing corporation. The Province recovers this outlay by reducing subsidy payment cash flows.
- (f) The City has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$15 million via an overdraft or demand note. Any balance borrowed will bear interest at prime less .60% per year. Council authorized the temporary borrowing limit for 2023 in By-Law 2022-187. As at December 31, 2024, there was a balance outstanding of nil (nil in 2023).

8. Accumulated surplus

Accumulated surplus consists of the following:

	2024 \$	2023 \$
Operating fund surplus	(1,139,474)	3,204,934
Capital fund (deficit) surplus – projects to be debentured	(21,513,324)	(10,781,773)
Capital fund deficit – municipal drain project	(2,445,756)	(2,145,248)
Capital fund surplus – all other projects	3,723,598	27,984,890
Unfunded employee future benefits	(32,990,244)	(29,988,296)
Post closure landfill costs		—
Asset retirement obligation	(31,370,637)	(30,701,594)
Accrued interest on long term debt	(234,550)	(271,606)
Long term debt	(100,830,349)	(113,779,350)
Reserve and reserve funds	56,275,993	48,265,324
Tangible capital assets	698,658,866	645,158,746
	568,134,123	536,946,027

9. Contingencies and commitments

Workplace Safety Insurance Board Self Insured – Schedule 2

Following restructuring, the Workplace Safety Insurance Board ('WSIB') required the City to convert all operations to Schedule 2 to become one self-insured entity.

Outside coverage is in place for certain types of claims to limit any loss to \$250,000. Claims paid out during the year amounted to \$2,147,672 (\$1,493,580 in 2023). The WSIB has estimated liability for future benefit costs as at December 31, 2024 to be \$16,359,800 (\$15,209,500 in 2023) and this liability has been included in employee future benefits payable (Note 6). The City has \$nil set aside in a reserve for WSIB self-insurance as at December 31, 2024 (nil in 2023).

Other contingencies

Various legal actions and claims have been initiated against the City, some of which cannot be quantified. No provision has been made for any uninsured claims. It is management's opinion there will be no material uninsured liability arising from these claims. An expense will be recorded in the fiscal period in which a settlement becomes likely and measurable.

Commitment – water and sewer system operating agreements

The City is committed to an agreement with the Ontario Clean Water Agency ('OCWA') for the operation of eighteen Drinking Water Systems and six Wastewater Systems. In addition to the current agreement there is room for inflationary adjustments and other service items that are unusual and outside of the current agreement. The agreement with OCWA is for the period of March 1, 2021 to February 28, 2026 with the option to renew for an additional five year term.

Commitment – garbage and recycling collection contract

In October 2020, the City contracted out garbage and recycling collection services. The contract is for a seven year term with the option for two additional one year renewal terms. The contract requires the City to pay a base fee of \$4,790,591 for 2024 plus additional charges for transportation and additional services, an annual fuel surcharge as well as an increase for new homes.

9. Contingencies and commitments (continued)

Commitments – capital projects

The City has committed to many capital projects expected to be completed over several years including upgrades to the water and sewer treatment plants and the expansion of the Lindsay/Operations landfill site. As at December 31, 2024, the City had awarded contracts in the amount of \$59,467,417 (\$26,682,516 in 2023) and has expensed \$17,408,254 of those awarded amounts. Therefore, the remaining contractual commitments will be recorded in future years as the projects are completed.

Funding for the completion costs is expected to include the use of capital surplus carried forward, grants, debt proceeds and use of funds from various discretionary and obligatory reserve funds.

Commitments – Leases

Under the terms of various operating leases in existence at December 31, 2024, the City is committed to future minimum annual payments as follows:

	\$
2025	366,686
2026	358,476
2027	354,734
2028	357,338
2029	357,673
Thereafter	827,769
	<u>2,622,676</u>

10. Budget amounts

The tax rate supported capital budget was approved by Council on November 28, 2023. The operating budget to establish the tax rates for the year was approved on December 5, 2023. In addition, the water and wastewater operating and capital budget were also approved by Council on December 5, 2023.

The budgets for Kawartha Lakes-Haliburton Housing Corporation were approved by the board individually, and only the net transfers to this entity were approved by Council. These budgets were not prepared on the same basis as these consolidated financial statements, and have been restated to conform to the requirements under PSAB accounting standards.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original council approved budget.

Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on management's best estimate of the value of contributed tangible capital assets determined at the beginning of the year. Neither the cost of the contributed tangible capital assets nor the revenue was included in the original council approved budget.

Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are included in the consolidated statement of change in net debt.

11. Expenses by object

	2024	2023
	\$	\$
Salaries and wages	109,378,637	97,843,744
Materials, supplies and services	31,268,798	33,461,901
Contracted services	48,304,012	45,826,236
Rents and financial	5,664,304	5,971,574
Transfers to other entities	52,579,979	50,565,016
Tile drain loans and advanced to landowners	145,800	84,500
Interest on net municipal debt	3,422,207	3,035,910
Amortization expense	32,322,562	31,489,048
ARO accretion and depreciation	1,248,285	754,582
Other	6,693,707	1,113,205
	291,028,291	270,145,716

12. Trust funds

Trust funds administered by the City amounting to \$1,641,387 (\$1,352,583 in 2023) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. Provincial Offences Act

Under an operating agreement with the Province of Ontario, the City of Kawartha Lakes is responsible for operation of the Provincial Offences Office in Lindsay on behalf of the City and Haliburton County. Net revenues are to be allocated between the City and the County on a per capita basis. Revenues and expenses related to these operations have been reported as follows:

	2024	2023
	\$	\$
Gross revenues	1,580,985	1,243,729
Operating costs	(1,670,332)	(1,362,696)
Amount transferred to Haliburton County	(15,750)	(12,398)
Net City revenue	(105,097)	(131,365)

Revenue comprises payments received for certain types of fines and penalties resulting from charges laid in the Lindsay Court area. Since revenue has been recognized on a cash basis, accounts receivable balances for fines levied but not paid are not included as revenue.

14. Establishing fair value

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

14. Establishing fair value (continued)

Fair value hierarchy

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

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – fair value measurements are those derived from 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); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 1201 – Financial Statement Presentation

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Re-measurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as re-measurement gains and losses.

PS 2601 – Foreign Currency Translation

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Re-measurement Gains and Losses.

PS 3041 – Portfolio Investments

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

15. Tangible capital assets

Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one Canadian dollar, because of the difficulty of determining a tenable valuation and/or the assets were older than their estimated expected useful lives, and therefore were fully amortized.

15. Tangible capital assets (continued)

Works of art and historical treasures

The City applies efforts to protect and preserve a number of owned historical buildings, collections of equipment, artifacts, documents and exhibits and works of art. These assets are not held for financial gain or to provide service but rather for public exhibition, education or research in furtherance of public service. These historical treasures and works of art are not recognized as tangible capital assets in the consolidated financial statements. The acquisition or betterment of such assets is recognized in the consolidated financial statements as an operating expense.

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15. Tangible capital assets (continued)

	Land and land improvements \$	Building and building improvements \$	Vehicles, machinery and equipment \$	Water and sewer \$	Road infrastructure \$	Work in progress \$	2024 Total \$
Cost							
Balance, beginning of year	49,452,847	202,326,851	109,161,500	261,380,801	438,334,669	140,490,458	1,201,147,126
Additions - Regular	564,044	36,692,121	16,943,689	50,693,328	86,000,070	87,143,840	278,037,092
Work in progress completed	2,166,824	(13,105,332)	(1,142,416)	(41,532,989)	(59,889,007)	—	(113,502,920)
Disposals/transfers	—	(112,212)	(2,957,125)	(11,417)	(8,340,243)	(77,326,421)	(88,747,418)
Balance, end of year	52,183,715	225,801,428	122,005,648	270,529,723	456,105,489	150,307,877	1,276,933,880
Accumulated amortization							
Balance, of year beginning	7,487,791	83,514,484	68,193,976	119,152,817	277,639,312	—	555,988,380
Disposals	571,123	(85,263)	(2,740,345)	34,966	(7,816,409)	—	(10,035,928)
Amortization expense	214,058	4,150,364	6,656,091	5,603,538	15,698,511	—	32,322,562
Balance, end of year	8,272,972	87,579,585	72,109,722	124,791,321	285,521,414	—	578,275,014
Net book value, end of year	43,910,743	138,221,843	49,895,926	145,738,402	170,584,075	150,307,877	698,658,866
	Land and land improvements \$	Building and building improvements \$	Vehicles, machinery and equipment \$	Water and sewer \$	Road infrastructure \$	Work in progress \$	2023 Total \$
Cost							
Balance, beginning of year	41,827,601	192,398,055	99,980,341	246,544,830	418,588,837	132,243,148	1,131,582,812
Additions - Regular	10,915,355	7,997,640	22,703,422	(13,695,544)	(4,653,751)	71,710,479	94,977,601
Work in progress completed	(3,181,702)	3,176,307	(10,780,503)	28,554,269	32,271,379	—	50,039,750
Disposals/transfers	(108,407)	(1,245,151)	(2,741,760)	(22,754)	(7,871,796)	(63,463,169)	(75,453,037)
Balance, end of year	49,452,847	202,326,851	109,161,500	261,380,801	438,334,669	140,490,458	1,201,147,126
Accumulated amortization							
Balance, of year beginning	7,298,465	80,428,462	63,233,141	113,637,467	269,874,986	—	534,472,521
Disposals	(30,965)	(815,914)	(2,440,374)	(13,359)	(6,672,577)	—	(9,973,189)
Amortization expense	220,291	3,901,936	7,401,209	5,528,709	14,436,903	—	31,489,048
Balance, end of year	7,487,791	83,514,484	68,193,976	119,152,817	277,639,312	—	555,988,380
Net book value, end of year	41,965,056	118,812,367	40,967,524	142,227,984	160,695,357	140,490,458	645,158,746

16. Asset Retirement Obligations

	2024
	\$
Balance, beginning of the year	30,701,594
Accretion expense	605,133
Changes in estimated cash flows	63,910
Estimated total liability	31,370,637

The City's asset retirement obligations consist of the following:

Buildings, Building Improvements and Water and Sewer with Asbestos and Other Hazardous Materials

The City owns buildings which contains asbestos and therefore, the City is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost between 2024 and 2073 of \$3,124,927. The estimated total liability of \$3,259,454 (\$3,195,543 in 2023) is based on the sum of discounted future cash flows for abatement activities using an annual inflation of 2.0%. The City has not designated funds for settling the abatement activities.

Landfill

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over an 83 year period (until 2105) using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. Undiscounted future cash flows expected are an abatement cost between 2024 and 2107 of \$26,934,927. The estimated total liability of \$28,111,184 (\$27,506,051 in 2023) is based on the sum of discounted future cash flows for abatement activities using an annual inflation of 2.0%. The City has not designated funds for settling the abatement activities.

The City is required to account for the solid waste landfill closure and post-closure liabilities as the landfill sites are used. The City currently has 14 closed sites and 5 active solid waste sites.

17. Segmented information

The City provides a wide range of services to its residents.

Segmented information has been provided in Schedule 1 for the following City Services:

- General Government
- Protection to persons and property
- Transportation Services
- Environmental Services
- Health, Social, and Housing Services
- Recreation and culture
- Planning and Development

17. Segmented information (continued)

Revenues and expenses directly attributable to each segment are reported by segment. Typically general government expenses are incurred in support of all services. Similarly general government revenues including taxes are used to finance all activities of the City. For purposes of segmented reporting general government revenues and expenses have not been allocated to the other services but rather are shown separately.

Draft

City of Kawartha Lakes
Schedule 1 – Consolidated schedule of segmented disclosure

Year ended December 31, 2024

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Housing, Health and social services \$	Recreation and culture \$	Planning and development \$	Consolidated \$
Expenses								
Salaries and wages	17,278,325	23,309,853	16,314,505	4,275,479	35,677,311	8,736,607	3,786,557	109,378,637
Minor capital	3,523,565	(48,359)	341,620	1,668,594	709,613	537,691	696,952	7,429,676
Interest costs	1,525,148	—	—	1,842,583	39,140	—	15,336	3,422,207
Other expenses	12,305,552	18,256,543	18,021,949	19,723,758	58,475,665	7,545,823	2,897,634	137,226,924
Amortization expense	128,647	5,236,669	17,085,307	6,403,205	2,205,868	1,906,018	—	32,965,714
ARO accretion	—	—	—	605,133	—	—	—	605,133
	34,761,237	46,754,706	51,763,381	34,518,752	97,107,597	18,726,139	7,396,479	291,028,291
External tax revenues	(146,568,220)	—	—	(311,422)	—	—	(103,944)	(146,983,586)
External non-tax revenues	(38,582,392)	(6,290,476)	(2,117,729)	(30,554,691)	(73,978,621)	(5,323,668)	(2,371,248)	(159,218,825)
Restricted amounts earned	(12,373,687)	(15,000)	(779,383)	(1,500,425)	(75,200)	(534,128)	—	(15,277,823)
Loss (gain) on disposal of tangible capital assets	741,916	(9,371)	(201,838)	—	(1,266,860)	—	—	(736,153)
	(196,782,383)	(6,314,847)	(3,098,950)	(32,366,538)	(75,320,681)	(5,857,796)	(2,475,192)	(322,216,387)
Annual (surplus) deficit	(162,021,146)	40,439,859	48,664,431	2,152,214	21,786,916	12,868,343	4,921,287	(31,188,096)

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

City of Kawartha Lakes
Schedule 1 – Consolidated schedule of segmented disclosure

Year ended December 31, 2023

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Housing, Health and social services \$	Recreation and culture \$	Planning and development \$	Consolidated \$
Expenses								
Salaries and wages	17,560,437	20,002,820	14,179,389	3,289,407	31,397,381	7,877,096	3,537,214	97,843,744
Minor capital	338,827	211,574	3,413,896	4,089,045	1,370,071	352,462	—	9,775,875
Interest costs	1,509,769	—	—	1,460,299	53,587	—	12,255	3,035,910
Other expenses	11,841,759	13,721,432	18,858,826	20,971,755	52,673,630	7,135,777	2,043,378	127,246,557
Amortization expense	109,715	5,779,887	16,018,975	5,712,174	2,041,817	1,826,480	—	31,489,048
ARO accretion	70,616	—	—	683,966	—	—	—	754,582
	<u>31,431,123</u>	<u>39,715,713</u>	<u>52,471,086</u>	<u>36,206,646</u>	<u>87,536,486</u>	<u>17,191,815</u>	<u>5,592,847</u>	<u>270,145,716</u>
External tax revenues	(137,752,972)	—	—	(250,323)	—	—	(46,970)	(138,050,265)
External non-tax revenues	(34,576,715)	(6,071,891)	(2,852,902)	(30,252,876)	(66,757,680)	(4,833,547)	(3,297,064)	(148,642,675)
Restricted amounts earned	(9,134,575)	(28,000)	(726,409)	(1,526,333)	(776,605)	(628,161)	—	(12,820,083)
Loss (gain) on disposal of tangible capital assets	<u>433,545</u>	<u>(57,806)</u>	<u>(110,483)</u>	<u>—</u>	<u>(1,355,970)</u>	<u>—</u>	<u>—</u>	<u>(1,090,714)</u>
	<u>(181,030,717)</u>	<u>(6,157,697)</u>	<u>(3,689,794)</u>	<u>(32,029,532)</u>	<u>(68,890,255)</u>	<u>(5,461,708)</u>	<u>(3,344,034)</u>	<u>(300,603,737)</u>
Annual (surplus) deficit	<u>(149,599,594)</u>	<u>33,558,016</u>	<u>48,781,292</u>	<u>4,177,114</u>	<u>18,646,231</u>	<u>11,730,107</u>	<u>2,248,813</u>	<u>(30,458,021)</u>

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

City of Kawartha Lakes**Schedule 2 – Consolidated schedule of operations of the Public Library Board**

Year ended December 31, 2024

	Budget \$	2024 Actual \$	2023 Actual \$
Revenue			
Contribution from municipal tax revenues	2,340,456	2,340,456	2,180,264
Grants – Province of Ontario	178,733	198,233	194,822
User fees	19,800	30,406	22,777
Fines and penalties	5,000	3,953	3,581
Transfer from reserves	193,393	218,365	3,644
Donations and other	6,000	16,393	11,200
	2,743,382	2,807,806	2,416,288
Expenses			
Staffing	1,961,157	2,015,915	1,751,456
Operations	81,625	63,681	55,728
Telecommunications	54,800	50,295	48,031
Collections and library supplies	427,000	474,057	395,721
Rentals and leases	55,000	55,991	52,275
Electronic resources	108,000	109,482	100,302
Other expenses	40,000	33,406	—
Computer hardware and software	15,800	4,979	12,775
Transfer to reserve	—	—	—
	2,743,382	2,807,806	2,416,288
Net revenue	—	—	—

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

Financial statements of City of Kawartha Lakes Trust Funds

December 31, 2024

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Independent Auditor's Report

To the Members of Council of
the Corporation of the City of Kawartha Lakes

Opinion

We have audited the financial statements of the trust funds of the Corporation of the City of Kawartha Lakes (the "City") Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2024, and the statements of financial activities and fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds of the City as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust funds of the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust funds of the City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

City of Kawartha Lakes Trust Funds
Statement of financial position
As at December 31, 2024

	Notes	Ontario Home Renewal Program \$	Cemetery Perpetual Care Trusts \$	Disaster Trust Fund \$	Forbert Estate Bequests \$	Aged Comfort Trust \$	Treasurer's Maintenance Trust \$	Building Donation Fund \$	Dike Downey Trust \$	A Smith Manvers Trust \$	Other trusts \$	2024 Total trusts \$	2023 Total trusts \$
Assets													
Cash		—	120,950	843	25,899	22,130	5,298	—	6,500	—	14,082	195,702	176,877
Accounts Receivable		—	4,466	—	—	—	—	—	—	—	—	4,466	—
Investments		54,282	877,610	—	220,404	—	—	210,733	—	—	—	1,363,029	1,327,550
Accrued interest		—	56,151	—	3,171	—	—	—	—	—	—	59,322	53,212
Due from the City of Kawartha Lakes	3	(1,144)	(74,579)	—	(16,067)	49	(1,010)	(142,153)	214,203	44,365	(31)	23,633	—
		53,138	984,598	843	233,407	22,179	4,288	68,580	220,703	44,365	14,051	1,646,152	1,557,639
Liabilities and fund balance													
Accounts payable		—	—	843	3,922	—	—	—	—	—	—	4,765	4,713
Due to the City of Kawartha Lakes	3	—	—	—	—	—	—	—	—	—	—	—	200,343
		—	—	843	3,922	—	—	—	—	—	—	4,765	205,056
Fund balances		53,138	984,598	—	229,485	22,179	4,288	68,580	220,703	44,365	14,051	1,641,387	1,352,583
		53,138	984,598	843	233,407	22,179	4,288	68,580	220,703	44,365	14,051	1,646,152	1,557,639

The accompanying notes are an integral part of the financial statements.

City of Kawartha Lakes Trust Funds
Statement of financial activities and fund balances
Year ended December 31, 2024

	Notes	Home Renewal Program \$	Cemetery Perpetual Care Trusts \$	Disaster Trust Fund \$	Forbert Estate Bequest \$	Aged Comfort Trust \$	Treasurer's Maintenance Trust \$	Building Donation Fund \$	Dike Downey Trust \$	A Smith Manvers Trust \$	Other trusts \$	2024 Total trusts \$	2023 Total trusts \$
Balance, beginning of year		53,138	962,074	—	229,485	22,416	3,985	68,580	—	—	12,905	1,352,583	1,268,894
Revenue													
Interest earned		—	53,920	—	3,922	—	303	—	9,500	—	1,146	68,791	42,327
Plot sales		—	22,949	—	—	—	—	—	—	—	—	22,949	19,667
Donations and other		—	—	—	—	—	—	—	—	—	—	—	56,486
Manor residents		—	—	—	—	21,222	—	—	—	—	—	21,222	18,270
Transfer from the City of Kawartha Lakes	6	—	—	—	—	—	—	—	211,203	44,365	—	255,568	—
		—	76,869	—	3,922	21,222	303	—	220,703	44,365	1,146	368,530	136,750
Expenses													
Manor residents		—	—	—	—	21,459	—	—	—	—	—	21,459	18,225
Disaster relief		—	—	—	—	—	—	—	—	—	—	—	—
Contributed to minor hockey		—	—	—	1,961	—	—	—	—	—	—	1,961	1,934
Contributed to figure skating		—	—	—	1,961	—	—	—	—	—	—	1,961	1,934
Paid to general operations		—	54,345	—	—	—	—	—	—	—	—	54,345	30,968
		—	54,345	—	3,922	21,459	—	—	—	—	—	79,726	53,061
Excess (deficiency) of revenue over expenses		—	22,524	—	—	(237)	303	—	220,703	44,365	1,146	288,804	83,689
Balance, end of year		53,138	984,598	—	229,485	22,179	4,288	68,580	220,703	44,365	14,051	1,641,387	1,352,583

The accompanying notes are an integral part of the financial statements.

City of Kawartha Lakes Trust Funds**Statement of cash flows**

Year ended December 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses	288,804	83,689
Change in non-cash assets and liabilities		
Accounts receivable	(4,466)	—
Accrued interest	(6,110)	(8,532)
Accounts payable	52	(52)
	278,280	75,105
Investing activity		
Increase in investments	(35,479)	(58,429)
Financing activity		
(Decrease) increase in amount due to the City of Kawartha Lakes	(223,976)	30,770
Change in cash during the year	18,825	47,446
Cash, beginning of year	176,877	129,431
Cash, end of year	195,702	176,877

The accompanying notes are an integral part of the financial statements.

1. Significant accounting policies

The financial statements of the trust funds of the City of Kawartha Lakes (the "Trust Funds") are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

Basis of accounting

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenses are recorded in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Investments

Investments are recorded at amortized cost. The cost of investments approximates their fair market value.

Use of estimates

The preparation of the periodic financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 consolidated financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

2. Ontario Home Renewal Program

- (a) The Ontario Home Renewal Program was established by the Ontario Ministry of Municipal Affairs and Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.
- (b) Ontario Regulation 641 has established procedures for the winding down of the Ontario Home Renewal Program. Under conditions stipulated in the Regulation, all Fund balances were remitted to the Ministry during 1994. The City of Kawartha Lakes will continue to administer the collection of any outstanding loans and remit the proceeds, net of 5% administration fee.

3. Due to/from the City of Kawartha Lakes

The amounts due to the City of Kawartha Lakes are non-interest bearing with no fixed terms of repayment. The amounts due from the City of Kawartha Lakes are non-interest bearing with no fixed terms of repayment.

4. Cemetery perpetual care trusts

Cemetery perpetual care trusts represent a portion of the burial fees and proceeds of sale of cemetery plots of various cemeteries. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemeteries.

City of Kawartha Lakes Trust Funds

Notes to the financial statements

December 31, 2024

5. Forbert trust

This trust fund represents a bequest from the Estate of Ross and Helen Forbert. Investment income on the funds is distributed to promote figure skating and minor hockey in the Village of Bobcaygeon. The capital is to remain intact.

6. Dike Downey trust and A. Smith Manvers trust

The funds for Dike Downey and A. Smith Manvers were previously held in Reserves with the City of Kawartha Lakes. Through Council Resolution 2024-222, these trust funds are not controlled externally, and thus have been transferred to the Trust Funds. The Dyke Downey trust is administered externally and the City can spend the interest annually. While the A. Smith Manvers trust interest is to be used for the garden area at the Manvers arena.

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