

**THE CORPORATION OF
THE TOWN OF KINGSVILLE**

Consolidated Financial Statements
December 31, 2024

**THE CORPORATION OF
THE TOWN OF KINGSVILLE**
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants, and Ratepayers of The Corporation of the Town of Kingsville

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Kingsville, which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of financial operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements including summary of accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of The Corporation of the Town of Kingsville as at December 31, 2024, and its consolidated results of operations 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 Corporation of the Town of Kingsville in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our 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 these 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 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 Corporation of the Town of Kingsville'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 Corporation of the Town of Kingsville or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Corporation of the Town of Kingsville's financial reporting process. When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the consolidated financial statements, no reference to oversight responsibilities is required.

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 Corporation of the Town of Kingsville'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 Corporation of the Town of Kingsville'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 Corporation of the Town of Kingsville 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.

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.

**HICKS, MacPHERSON, IATONNA
& DRIEDGER LLP**

Leamington, Ontario
August 11, 2025

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Statement of Financial Position
as at December 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 1 & 9)	\$ 19,834,260	\$ 30,983,354
Taxes and grants-in-lieu receivable	3,989,794	2,479,577
Trade and other receivables	10,185,146	9,617,039
Drainage costs recoverable (Note 6)	1,542,087	1,164,373
Investment in UWSS Inc. (Note 3)	30,013,907	-
	<u>65,565,194</u>	<u>44,244,343</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	12,064,461	9,813,583
Accrued interest	21,656	27,667
Municipal debt (Note 4)	8,919,573	12,101,380
Asset retirement obligation (Note 16)	954,020	1,381,936
Employee future benefits (Note 7)	887,613	813,809
Deferred revenue (Note 10 & Schedule 2)	3,204,128	2,703,830
	<u>26,051,451</u>	<u>26,842,205</u>
NET FINANCIAL ASSETS	<u>39,513,743</u>	<u>17,402,138</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	161,052,222	172,279,947
Asset retirement obligation assets (Note 16)	74,796	332,334
Prepaid expenses	1,046,182	60,040
	<u>162,173,200</u>	<u>172,672,321</u>
ACCUMULATED SURPLUS	<u>\$ 201,686,943</u>	<u>\$ 190,074,459</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Statement of Financial Operations and Accumulated Surplus
as at December 31, 2024

	<u>2024 Budget</u> (Note 11)		<u>2024</u>		<u>2023</u>
REVENUES					
Net taxation/user charges	\$ 35,434,905	\$	35,551,435	\$	36,264,116
Government transfers	850,750		938,486		906,315
Other	2,041,569		2,983,744		2,797,556
TOTAL REVENUES	38,327,224		39,473,665		39,967,987
EXPENSES					
General government	5,187,942		5,342,845		4,837,289
Protection to persons and property	7,102,672		6,825,810		6,817,087
Transportation services	8,534,542		8,383,250		7,896,688
Environmental services	9,630,666		9,681,982		11,159,248
Health services	171,018		161,067		147,543
Recreation and culture	4,431,202		4,614,763		4,178,353
Planning and development	708,627		748,115		644,672
TOTAL EXPENSES	35,766,669		35,757,832		35,680,880
NET REVENUES	2,560,555		3,715,833		4,287,107
OTHER					
Development charges applied	1,402,500		2,530,374		1,142,114
Government transfers received for capital projects	3,280,000		3,256,206		4,381,267
Developer Contributions received for capital projects	4,600,000		33,888		-
Employee future benefits	-		(73,804)		(76,109)
Contributed tangible capital assets (net)	1,200,000		161,517		-
Asset retirement obligation accretion / amortization	-		(41,918)		(58,351)
Investment Income/UWSS Inc. (Note 3)	-		2,213,547		-
Loss on disposal of tangible capital assets	-		(183,159)		(70,038)
	10,482,500		7,896,651		5,318,883
ANNUAL SURPLUS	13,043,055		11,612,484		9,605,990
ACCUMULATED SURPLUS, BEGINNING OF YEAR	190,074,459		190,074,459		180,468,469
ACCUMULATED SURPLUS, END OF YEAR	\$ 203,117,514	\$	201,686,943	\$	190,074,459

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Statement of Changes in Net Financial Assets
as at December 31, 2024

	<u>2024 Budget</u> (Note 11)	<u>2024</u>	<u>2023</u>
Annual Surplus	\$ 13,043,055	\$ 11,612,484	\$ 9,605,990
Amortization of tangible capital assets	7,933,183	8,620,444	8,702,240
Amortization of ARO assets	-	3,750	10,902
Acquisition of tangible capital assets	(31,015,500)	(18,802,089)	(21,492,567)
Transfer of tangible capital assets to UWSS Inc. (Note 3)	-	21,195,899	-
Transfer of ARO asset to UWSS Inc. (Note 3)	-	253,788	-
Disposals of tangible capital assets	-	213,471	94,254
Acquisition of prepaid expense	-	(1,046,182)	(60,040)
Consumption of prepaid expense	-	60,040	77,104
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(10,039,262)	22,111,605	(3,062,117)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	17,402,138	17,402,138	20,464,255
NET FINANCIAL ASSETS, END OF YEAR	\$ 7,362,876	\$ 39,513,743	\$ 17,402,138

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Statement of Cash Flows
as at December 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Annual Surplus	\$ 11,612,484	\$ 9,605,990
Items Not Involving Cash		
Amortization of tangible capital assets	8,620,444	8,702,240
Amortization of asset retirement obligations	41,918	58,351
Loss on disposal of tangible capital assets	183,159	70,038
Share of UWSS income	(2,213,547)	
Transfer of Reserves - UWSS Inc	(9,240,375)	
Change in employee future benefits	73,804	76,109
Sources (Uses)		
Taxes and grants-in-lieu receivable	(1,510,217)	(754,410)
Trade and other receivables	(568,107)	(2,575,997)
Drainage costs and debt receivable	(377,714)	3,497,293
Prepaid expenses	(986,142)	17,064
Accounts payable and accrued liabilities	2,250,878	(58,796)
Deferred revenue	500,298	356,796
Accrued interest	(6,011)	(4,560)
	<u>8,380,872</u>	<u>18,990,118</u>
INVESTING ACTIVITIES		
Investment in UWSS Inc (common shares)	<u>(39)</u>	
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(18,802,089)	(21,492,567)
Proceeds on disposal of tangible capital assets	30,312	24,216
	<u>(18,771,777)</u>	<u>(21,468,351)</u>
FINANCING ACTIVITIES		
Municipal debt issued	58,500	5,086,213
Municipal debt repaid	(816,650)	(1,432,227)
	<u>(758,150)</u>	<u>3,653,986</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(11,149,094)	1,175,753
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	30,983,354	29,807,601
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 19,834,260</u>	<u>\$ 30,983,354</u>

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

1. Significant Accounting Policies

(a) Management Responsibility

The consolidated financial statements of the Corporation of the Town of Kingsville (the "Town") are the responsibility of management. They have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ as additional information becomes available in the future.

(b) Basis of Consolidation

(i) Consolidated Entities

The consolidated financial statements reflect the financial assets, liabilities, revenues, expenses, reserves and changes in investment in tangible capital assets of the Town and includes the activities of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and are owned or controlled by the Town.

Interdepartmental and inter-organizational transactions and balances have been eliminated.

For the year ended December 31, 2023, the Town's proportionate share in the Union Water Supply System is accounted for on a proportionate consolidation basis, consistent with the generally accepted accounting treatment for government partnerships. The financial figures reported as of December 31 2024, are not consolidated and represent solely the Town of Kingsville's financial position.

(ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the School Boards, and the County of Essex are not reflected in the municipal fund balances of these consolidated financial statements. Taxation raised by the municipality on their behalf is reflected as a deduction from total taxation on the Consolidated Statement of Financial Operations. Amounts due from/to the County of Essex and School Boards are included in trade and other receivables/accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

(iii) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Financial Statements.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

1. Significant Accounting Policies (Cont'd)

(c) Basis of Accounting

(i) Accrual Basis of Accounting

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

(ii) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(ii.1) 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 are amortized on a straight-line basis over their estimated useful lives as follows:

Land - Not amortized

Land Improvements - 10 to 30 years

Buildings & Improvements - 10 to 40 years

Information Technology - 4 years

Vehicles, Machinery & Equipment - 4 to 25 years

Furniture and Fixtures - 10 to 15 years

Infrastructure - 20 to 50 years

One half of the annual 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.

The Town has a capitalization threshold of \$5,000 - \$50,000 depending on the asset and the estimated useful life.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

1. Significant Accounting Policies (Cont'd)

(ii.2) Asset Retirement Obligations

Asset Retirement Obligations

A liability is recognized when, as at the financial report date:

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.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The liability includes costs for the removal of asbestos in buildings, the demolition of sewer holding ponds and wastewater treatment plants. The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities. The resulting costs have been capitalized and are being amortized on the same basis as the related tangible capital asset. The carrying value of the liability is reviewed annually with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the liability and related tangible capital asset.

(ii.3) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

(ii.4) Leases

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

(ii.5) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(iii) Deferred Revenue

Revenue restricted by legislating, regulation or agreement and is 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 specific purpose.

(iv) Employee Future Benefits

The Town has adopted the accrual method for employee future benefits as required by the Chartered Professional Accountants of Canada. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions with respect to mortality and termination costs, retirement age and expected inflation costs associated with employee benefit costs.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

1. Significant Accounting Policies (Cont'd)

(v) Use of Estimates

The preparation of financial statements in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

(vi) Taxes receivable and related revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect to education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town revenues are recorded at the time tax billings are issued. Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded based upon management's estimate of the outcome taking into consideration historical trends. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions. Taxes receivable are reported net of an allowance for doubtful accounts.

(vii) User charges

User charges include water, wastewater, recreation, planning and other revenues based on demand for service. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenue.

(viii) Government transfers

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

(ix) Cash and Cash Equivalents

Cash and cash equivalents may include short-term investments with maturity dates of more than six months from the date of acquisition but less than one year.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

2. Operation of School Boards and the County of Essex

During the year, the following revenue was raised and remitted to the school boards and the County of Essex.

	<u>2024</u>	<u>2023</u>
School Boards	\$ 6,575,994	\$ 6,470,791
County	<u>16,476,435</u>	<u>15,386,200</u>
	<u>\$ 23,052,429</u>	<u>\$ 21,856,991</u>

3. Investment in the Union Water Supply System (UWSS) Inc.

On February 24, 2023 UWSS Inc. was created as a Municipal Service Corporation under Ontario Regulation 599/06 of the Municipal Act, 2001. Effective January 1, 2024, the Town entered into a Water Service Agreement with UWSS Inc. for water treatment services. All assets previously associated with the UWSS partnership were transferred to UWSS Inc. on April 22, 2024. No monetary or share-based consideration was provided for the asset transfer. The Town's equity in UWSS Inc. is recorded at the net book value of the transferred assets. The Town currently owns 38.72% of UWSS Inc. The investment is accounted for using the equity method, as the Town has significant influence over the strategic operating, investing, and financing policies of the enterprise.

	<u>2024</u>	<u>2023</u>
Equity in contributed capital	\$ 27,800,321	\$ -
Common shares	39	-
Net income	<u>2,213,547</u>	<u>-</u>
	<u>\$ 30,013,907</u>	<u>\$ -</u>

The following table provides supplementary information for UWSS Inc. as at December 31.

	<u>2024</u>	<u>2023</u>
Financial Position		
Current assets	\$ 23,802,335	\$ -
Tangible capital assets, net	59,183,874	-
Total Assets	<u>82,986,209</u>	<u>-</u>
Current liabilities	4,238,343	-
Non-current liabilities	1,232,615	-
Total Liabilities	<u>5,470,958</u>	<u>-</u>
Equity	<u>77,515,251</u>	<u>-</u>
Results from Operations		
Revenues	15,185,316	-
Expenses	<u>10,751,542</u>	<u>-</u>
Income before Other Items	4,433,774	-
Other items	1,283,031	-
Net Income and Retained Earnings, End of Period	<u>\$ 5,716,805</u>	<u>\$ -</u>

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

4. Municipal Debt and Subsequent Event

(a) The balance of Municipal Debt reported on the "Consolidated Statement of Financial Position" is made up of the following:

	<u>2024</u>	<u>2023</u>
<i>Property Tax Supported</i>		
i) OSIFA Loan - repayable in semi-annual instalments of \$49,389 plus interest at 4.72%, due September, 2027	\$ 246,944	\$ 345,722
ii) OILC Loan - repayable in semi-annual instalments of \$119,772 including interest at 3.97%, due December, 2033	1,797,998	1,961,284
iii) OILC Loan - repayable in semi-annual instalments of \$91,043 including interest at 2.47%, due November, 2025	178,767	353,199
iv) OILC Loan - repayable in semi-annual instalments of \$52,753 including interest at 3.34%, due November, 2035	964,609	1,036,102
v) OILC Loan - repayable in semi-annual instalments of \$131,283 including interest at 2.56%, due November, 2026	508,747	753,578
<i>Development Charge Supported</i>		
i) OILC Construction Loan - authorized for a maximum principal draw of \$12,000,000, no fixed repayment term, incurring interest at a variable rate of 4.2%	5,016,613	5,016,613
<i>Benefiting Property Owners</i>		
i) Drain Debentures - repayable in annual instalments including interest ranging from 3.0% to 5.0%, due in various amounts from 2025 to 2028	29,649	58,433
ii) Sanitary Sewer Debentures - repayable in annual instalments including interest ranging from 2.83% to 5.0%, due in various amounts	135,012	266,240
iii) Watermain Debentures - repayable in annual instalments including interest of 4.5%, due in 2029	42,759	50,238
iv) Tile Loans - repayable in annual instalments including interest at 6.0%, due in various amounts from 2025 to 2034	<u>157,544</u>	<u>119,534</u>
	9,078,642	9,960,943
Less: Internally financed debt	<u>(159,069)</u>	<u>(283,222)</u>
	8,919,573	9,677,721
Share of Union Water System Obligations	-	2,423,659
	<u>\$ 8,919,573</u>	<u>\$ 12,101,380</u>

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Financial Statements
for the year ended December 31, 2024

4. Municipal Debt and Subsequent Event (Cont'd)

(b) Principal payments are due as follows;

2025	\$	5,854,849
2026		633,036
2027		330,306
2028		292,024
2029		295,793
2030 onward		1,513,566
	\$	<u>8,919,573</u>

(c) The long-term liabilities in (a) issued in the name of the Municipality have received approval of the Ontario Municipal Board (or approval by private legislation) for those approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

(d) Total interest charges for the year for the Municipal Debt reported on the Consolidated Statement of Financial Operations, are as follows:

	<u>2024</u>	<u>2023</u>
Interest	\$ 306,457	\$ 545,062

(e) On February 3, 2025, the Town withdrew an additional \$6,273,698 on its \$12,000,000 construction loan with Ontario Infrastructure and Lands Corporation (OILC).

5. Trust Funds

The Town administers a Perpetual Care Cemetery Trust Fund which amounts to \$1,343,282 (2023 - \$1,328,182). The assets and liabilities of this trust have not been included in the "Consolidated Statement of Financial Position" nor have the operations been included in the "Consolidated Statement of Financial Operations and Accumulated Surplus".

6. Drainage Costs Recoverable

The Town incurs costs to maintain and construct municipal drains which are recoverable from the benefitting landowners. In accordance with the Drainage Act these costs can accumulate for a five year period prior to being invoiced. Drainage costs recoverable represents accumulated drainage costs which have not yet been invoiced to the benefitting landowners. Any Drainage charges that have been billed to the benefitting landowners and are financed on taxes and are included in Trade and other receivables. The Town issues a debenture by-law for all financed projects which outlines the terms and interest rates. There are approximately 350 municipal drains in the Town of Kingsville.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

7. Employee Future Benefits

The municipality pays certain medical, dental and life insurance benefits on behalf of its retired employees until they reach the age of 65. Information about the Town's defined benefit plans is as follows:

	<u>2024</u>	<u>2023</u>
Accrued benefit as at January 1	\$ 813,809	\$ 737,700
Service cost	81,092	77,600
Interest cost	39,224	35,848
Benefit paid for year	<u>(46,512)</u>	<u>(37,339)</u>
Projected accrued benefit obligation at December 31	\$ <u>887,613</u>	\$ <u>813,809</u>

All actuarial gains and losses are fully recognized in the year they are identified.

An actuarial valuation was performed as of December 31, 2022. The main actuarial assumptions employed in the valuations are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	4.5%	4.5%
Salary scale	3.0%	3.0%
Drug expense trend	7% in 2018 to 4% over 20 years	7% in 2018 to 4% over 20 years
Dental expense trend	3.5%	3.5%
Other medical expense trend	4.0%	4.0%

8. Segmented Information

The Town provides a wide range of services to its citizens. On Schedule 5, consolidated revenues and expenses have been presented on a segmented basis. Municipal services have been segmented by grouping activities with similar service objectives. Revenue directly related to each service has been allocated to its respective segment. Municipal taxation revenue has been allocated based on the percentage of total budgeted expenditures. The segments are defined as follows:

General Government

General government consists of governance, corporate management and program support. It includes the offices of council, chief administrative officer, information technology, financial, legal and clerk services.

Protection to Persons and Property

Protection to persons and property includes fire and police services, building permitting & inspection and by-law enforcement, and animal control.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

8. Segmented Information (Cont'd)

Transportation

Transportation services refers to the operations of the public works department which is responsible for road maintenance, winter control and street lighting.

Environmental

Environmental services includes the distribution and treatment of water, the collection and treatment of waste water and storm water, and the collection and disposal of garbage.

Health Services

Health services refers to cemetery operations.

Recreation & Culture

Recreation & culture services refers to the operations of municipally owned recreational facilities, parks, arena, marina and community centres. It also includes the delivery of recreational and cultural programming.

Planning & Development

Planning & development refers to the operations of the planning department which facilitates the orderly growth of the Town in accordance with the official plan.

9. Cash and Cash Equivalents

The Town has an authorized overdraft limit of \$2,000,000 bearing interest at prime with TD Canada Trust. At December 31, 2024, the Town had \$2,000,000 (2023 - \$2,000,000) in unused credit available.

Included in cash and cash equivalents is deferred revenue of \$3,204,128 (2023 - \$2,703,830) and reserve funds of \$59,276 (2023 - \$59,276) which is restricted for specific purposes as outlined in schedules 2 and 3.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

10. Reserve, Reserve Funds and Deferred Revenue

The balance of reserve, reserve funds and deferred revenue is made up of the following:

	<u>2024</u>	<u>2023</u>
Total reserves and reserve funds (Schedule 3)	\$ 27,424,002	\$ 33,797,811
Deferred revenue portion of reserve funds set aside for specific purposes by legislation, regulation or agreement (Schedule 2)	<u>3,204,128</u>	<u>2,703,830</u>
	<u><u>\$ 30,628,130</u></u>	<u><u>\$ 36,501,641</u></u>

11. Budget Amounts

The 2024 Financial Budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. Further, the budget includes all tangible capital expenditures rather than amortization expense. For the purpose of these financial statements, the budget figures have been modified as follows;

Consolidated Statement of Financial Activities
for the year ended December 31, 2024

	2024 Budget	Change	Restated 2024 Budget
Revenue	\$ 67,444,765	\$	\$ 67,444,765
Less: Contributions from reserves		(10,601,860)	(10,601,860)
Less: Proceeds from long-term debt		(7,668,750)	(7,668,750)
Less: Inter-departmental revenues		(531,000)	(531,000)
Plus: Local Improvements		166,569	166,569
	<u>67,444,765</u>	<u>(18,635,041)</u>	<u>48,809,724</u>
Expenses			
Total Expenditures as per budget	67,444,765	\$	67,444,765
Less: Contributions to reserves		(7,325,537)	(7,325,537)
Less: Capital expenditures, net of transfers		(31,015,500)	(31,015,500)
Plus: Amortization		7,933,183	7,933,183
Plus: Interest on non-tax funded debt		13,577	13,577
Less: Repayments of tax funded debt		(752,819)	(752,819)
Less: Inter-departmental expenses		(531,000)	(531,000)
	<u>67,444,765</u>	<u>(31,678,096)</u>	<u>35,766,669</u>
Annual Surplus			13,043,055
Accumulated surplus, beginning of year			190,074,459
Accumulated surplus, end of year			\$ 203,117,514

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

12. Pension Plan

The Town belongs to the Ontario Municipal Employee Retirement Fund (OMERS) which is a multi-employer plan on behalf of 105 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 their length of service and rates of pay. The plan is funded through equal contributions from the employer and its member employees.

The amount contributed by the Municipality in 2024 was \$806,464 (2023 - \$705,797). At December 31, 2024 the OMERS plan was in a deficit position, funded at 98% (2023 - 97%). Contribution rates to the plan are determined by OMERS, based on the funding status of the plan, investment projections and other actuarial assumptions. Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

13. Contractual Obligations

Policing services for the Town are currently provided by the Ontario Provincial Police (OPP). Under the current agreement, which expires December 31, 2026, policing costs are determined annually. In 2024, the OPP contract approximated \$3.0 million (2023 - \$3.3 million).

The Town has entered an agreement with the Ontario Clean Water Agency (OCWA), to operate their sewage facilities through December 31, 2026. Under this agreement, the Town retains responsibility for all operating and capital costs associated with these facilities. Included in the consolidated statement of financial activities are charges from OCWA of approximately \$1,544,115 (2023 - \$1,482,500).

The Town has entered an agreement with GFL Environmental Inc. for waste collection services through December 31, 2026. In 2024, the cost of collection services provided under this agreement was \$682,000 (2023 - \$657,000).

14. Comparative Amounts

Certain comparative balances have been reclassified to conform with the current year's presentation.

15. Contingencies

As of December 31, 2024, certain legal actions are pending against the Town, however, the final outcome of these claims cannot be determined at this time. Based on the available information, any potential settlements are not expected to have a material effect on the consolidated financial statements of the Town.

THE CORPORATION OF THE TOWN OF KINGSVILLE
Notes to the Consolidated Financial Statements
for the year ended December 31, 2024

16. Asset Retirement Obligation

Liabilities exist for the removal and disposal of asbestos or other hazardous substances within buildings and facilities owned by the Town of Kingsville which include the Wastewater Treatment Plant, Police Station, Arena and other Parks & Recreation facilities.

	<u>2024</u>	<u>2023</u>
Asset Retirement Obligation, beginning of the year	\$ 1,381,936	\$ 1,334,487
Transfer of ARO to UWSS Inc.	(466,084)	-
Accretion expense	<u>38,168</u>	<u>47,449</u>
Asset Retirement Obligation, end of year	\$ <u><u>954,020</u></u>	\$ <u><u>1,381,936</u></u>

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Schedule of Tangible Capital Assets
Categorized by Asset Type
for the year ended December 31, 2024

Schedule 1

	GENERAL					INFRASTRUCTURE			TOTALS	
	Land & Improvements	Buildings & Improvements	Information Technology	Furniture & Fixtures	Vehicles, Machinery & Equipment	Roads & Bridges	Water, Wastewater & Storm Sewers	Construction in Progress	2024	2023
COST										
Balance, beginning of year	\$ 5,905,856	\$ 22,186,175	\$ 1,035,843	\$ 561,546	\$ 14,666,310	\$ 150,756,893	\$ 146,438,056	\$ 17,107,187	\$ 358,657,866	\$ 337,699,648
Additions during the year	322,045	840,145		38,079	6,373,025	15,886,416	7,635,182	(12,292,803)	18,802,089	21,492,567
Disposals during the year		(15,253)			(215,721)	(838,965)	(111,867)		(1,181,806)	(534,349)
Transfer of UWSS assets							(33,441,851)		(33,441,851)	-
BALANCE, END OF YEAR	6,227,901	23,011,067	1,035,843	599,625	20,823,614	165,804,344	120,519,520	4,814,384	342,836,298	358,657,866
ACCUMULATED AMORTIZATION										
Balance, beginning of year	385,869	8,870,236	779,929	417,345	7,189,419	111,407,329	57,327,792	-	186,377,919	178,115,774
Amortization during the year	65,136	612,015	75,338	32,212	1,042,696	4,017,546	2,775,501	-	8,620,444	8,702,240
Accumulated Amortization on disposals		(15,252.00)			(215,720)	(642,255)	(95,108)	-	(968,335)	(440,095)
Transfer of UWSS balance							(12,245,952)		(12,245,952)	-
BALANCE, END OF YEAR	451,005	9,466,999	855,267	449,557	8,016,395	114,782,620	47,762,233	-	181,784,076	186,377,919
TANGIBLE CAPITAL ASSETS	\$ 5,776,896	\$ 13,544,068	\$ 180,576	\$ 150,068	\$ 12,807,219	\$ 51,021,724	\$ 72,757,287	\$ 4,814,384	\$ 161,052,222	\$ 172,279,947

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Schedule of Deferred Revenue
for the year ended December 31, 2024

Schedule 2

	Opening	Contributions Received (Repaid)	Interest Earned	Deferred Revenue Allocated	Ending
Development charges	\$ 9,263	\$ 2,590,891	\$ 17,859	\$ (2,530,374)	\$ 87,639
Canada Community Building Fund	1,122,505	1,129,128	54,889	(813,496)	1,493,026
Ontario Community Infrastructure Grant	1,232,550	1,377,196	54,737	(1,296,954)	1,367,530
Seniors Active Living Centre (SALC) Grant	-	19,887	-	-	19,887
Modernization Grant	67,726	(8,393)	-	-	59,333
Safe Restart (Covid) Fund	271,785	-	-	(95,072)	176,713
	<u>\$ 2,703,830</u>	<u>\$ 5,108,710</u>	<u>\$ 127,485</u>	<u>\$ (4,735,896)</u>	<u>\$ 3,204,128</u>

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Schedule of Reserves and Reserve Funds
for the year ended December 31, 2024

Schedule 3

Opening	Contributions Received	Transfer to Operations	Transfer to Capital/UWSS	Ending
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RESERVE FUNDS

WATER CAPITAL	\$ 59,276	\$ -	\$ -	\$ -	\$ 59,276
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RESERVES

BIA	110,768	12,553	-	-	123,321
BUILDING	1,782,143	27,500	104,215	32,590	1,672,838
FACILITIES	821,654	1,588,193	-	554,213	1,855,634
FIRE	612,397	375,000	-	8,248	979,149
GENERAL	8,477,458	1,037,587	-	26,417	9,488,628
IT	32,316	57,000	-	25,085	64,231
MARINA	57,305	10,000	-	-	67,305
PARKS & RECREATION	1,108,203	955,367	-	433,434	1,630,136
PLANNING	150,215	-	-	-	150,215
POLICE	1,011,388	80,000	-	-	1,091,388
PUBLIC WORKS	5,105,026	3,214,093	15,000	3,388,887	4,915,232
SEWER	1,818,926	1,130,952	-	1,604,040	1,345,838
WATER - MUNICIPAL	3,410,361	1,783,896	-	1,213,446	3,980,811
WATER - UNION WATER SUPPLY SYSTEM	9,240,375	-	-	9,240,375	-
	33,738,535	10,272,141	119,215	16,526,735	27,364,726

\$ 33,797,811	\$ 10,272,141	\$ 119,215	\$ 16,526,735	\$ 27,424,002
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THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Schedule of Accumulated Surplus
for the year ended December 31, 2024

Schedule 4

	<u>2024</u>		<u>2023</u>
Tangible capital assets	\$ 161,052,222	\$	172,279,947
Reserves and reserve funds	27,424,002		33,797,811
Operating fund surplus	33,435,689		3,951,426
Unfinanced capital	(10,462,332)		(6,698,792)
Drainage debt receivable	21,710		45,335
Asset retirement obligation (net)	(879,224)		(1,049,602)
Amounts to be Recovered:			
Municipal Debt - Recoverable from future taxation	(8,713,678)		(9,466,498)
Municipal Debt - Recoverable from benefiting property owners	(191,446)		(361,509)
Union Water Supply System Debt - Recoverable from rate payers	-		(2,423,659)
Accumulated Surplus	\$ 201,686,943	\$	190,074,459

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Schedule of Segmented Information
for the year ended December 31, 2024

Schedule 5

	General Government	Protection to Persons & Property	Transportation	Environmental	Health Services	Recreation & Culture	Planning & Development	Total
Revenues								
Property taxes (net)	\$ 4,047,691	\$ 5,877,357	\$ 7,819,918	\$ 1,763,288	\$ 67,883	\$ 4,825,582	\$ 493,041	\$ 24,894,760
User charges	130,940	195,820	997,869	8,271,308	72,604	843,383	178,640	10,690,564
Government transfers	611,240	79,635	-	155,590	-	65,055	26,966	938,486
Local improvement charges	-	-	-	166,026	-	-	-	166,026
Licences, permits, rents	17,546	938,181	10,920	4,825	20,516	61,755	-	1,053,743
Fines and penalties	380,140	87,767	-	37,816	25	-	-	505,748
Donations	-	400	-	-	-	29,889	-	30,289
Investment income	905,118	80,431	-	175,650	66,739	-	-	1,227,938
	<u>6,092,675</u>	<u>7,259,591</u>	<u>8,828,707</u>	<u>10,574,503</u>	<u>227,767</u>	<u>5,825,664</u>	<u>698,647</u>	<u>39,507,554</u>
Expenses								
Wages and benefits	3,342,774	2,691,786	1,745,573	1,512,682	66,514	2,075,106	587,952	12,022,387
Interest on long-term debt	9,120	-	107,714	155,609	-	34,014	-	306,457
Materials	1,473,073	704,308	2,137,992	1,470,207	39,181	1,524,687	97,176	7,446,624
Contracted services	300,515	3,130,236	23,438	3,538,019	54,449	114,511	57,657	7,218,825
Rents & financial expenses	87,560	8,603	17,385	-	-	25,938	3,610	143,096
Amortization	129,803	290,877	4,351,148	3,005,466	923	840,507	1,720	8,620,444
	<u>5,342,845</u>	<u>6,825,810</u>	<u>8,383,250</u>	<u>9,681,983</u>	<u>161,067</u>	<u>4,614,763</u>	<u>748,115</u>	<u>35,757,833</u>
Other								
Development charges applied	-	142,057	742,411	1,066,842	-	579,064	-	2,530,374
Government transfers received for capital projects	237,843	23,327	2,455,609	539,427	-	-	-	3,256,206
Employee future benefits	(73,804)	-	-	-	-	-	-	(73,804)
Contributed tangible capital assets (net)	-	-	192,893	(31,376)	-	-	-	161,517
Asset retirement obligation accretion / amortization	-	(3,160)	-	(24,422)	-	(14,336)	-	(41,918)
Investment Income/UWSS Inc.	-	-	-	2,213,547	-	-	-	2,213,547
(Loss) gain on disposal of tangible capital assets	-	14,225	(185,164)	(12,833)	-	613	-	(183,159)
	<u>164,039</u>	<u>176,449</u>	<u>3,205,749</u>	<u>3,751,185</u>	<u>-</u>	<u>565,341</u>	<u>-</u>	<u>7,862,763</u>
Annual Surplus (Deficit)	<u>\$ 913,869</u>	<u>\$ 610,230</u>	<u>\$ 3,651,206</u>	<u>\$ 4,643,704</u>	<u>\$ 66,700</u>	<u>\$ 1,776,242</u>	<u>\$ (49,468)</u>	<u>\$ 11,612,484</u>

THE CORPORATION OF THE TOWN OF KINGSVILLE
Consolidated Schedule of Segmented Information
for the year ended December 31, 2023

Schedule 5

	General Government	Protection to Persons & Property	Transportation	Environmental	Health Services	Recreation & Culture	Planning & Development	Total
Revenues								
Property taxes (net)	\$ 3,582,039	\$ 5,521,054	\$ 6,840,382	\$ 1,655,853	\$ 62,151	\$ 4,238,176	\$ 530,482	\$ 22,430,136
User charges	82,433	240,512	165,577	12,515,939	79,196	573,451	176,872	13,833,980
Government transfers	697,214	127,019	-	37,089	-	18,743	26,250	906,315
Local improvement charges	-	-	-	167,627	-	-	-	167,627
Licences, permits, rents	20,612	664,078	18,756	2,176	64,380	75,320	-	845,322
Fines and penalties	332,752	61,720	-	28,410	-	50	-	422,932
Donations	-	400	-	-	-	9,076	1,695	11,171
Investment income	922,654	93,074	-	288,512	46,264	-	-	1,350,504
	<u>5,637,704</u>	<u>6,707,857</u>	<u>7,024,715</u>	<u>14,695,606</u>	<u>251,991</u>	<u>4,914,816</u>	<u>735,299</u>	<u>39,967,987</u>
Expenses								
Wages and benefits	2,990,054	2,497,941	1,701,025	1,508,988	57,155	1,844,394	483,707	11,083,264
Interest on long-term debt	12,282	-	125,843	300,994	-	36,343	-	475,462
Materials	1,130,721	603,210	1,861,282	1,202,487	37,050	1,377,310	154,320	6,366,380
Contracted services	453,378	3,440,840	33,402	4,803,440	49,943	136,688	1,315	8,919,006
Rents & financial expenses	91,734	14,940	5,921	-	-	18,323	3,610	134,528
Amortization	159,120	260,157	4,169,214	3,343,336	3,396	765,297	1,720	8,702,240
	<u>4,837,289</u>	<u>6,817,088</u>	<u>7,896,687</u>	<u>11,159,245</u>	<u>147,544</u>	<u>4,178,355</u>	<u>644,672</u>	<u>35,680,880</u>
Other								
Development charges applied	11,797	-	415,045	314,581	-	400,691	-	1,142,114
Government transfers received for capital projects	66,968	-	3,172,535	826,101	-	315,663	-	4,381,267
Employee future benefits	(76,109)	-	-	-	-	-	-	(76,109)
Asset retirement obligation accretion / amortization	-	(3,039)	-	(41,569)	-	(13,743)	-	(58,351)
(Loss) gain on disposal of tangible capital assets	-	(87,312)	16,914	(3,152)	-	3,512	-	(70,038)
	<u>2,656</u>	<u>(90,351)</u>	<u>3,604,494</u>	<u>1,095,961</u>	<u>-</u>	<u>706,123</u>	<u>-</u>	<u>5,318,883</u>
Annual Surplus (Deficit)	<u>\$ 803,071</u>	<u>\$ (199,582)</u>	<u>\$ 2,732,522</u>	<u>\$ 4,632,322</u>	<u>\$ 104,447</u>	<u>\$ 1,442,584</u>	<u>\$ 90,627</u>	<u>\$ 9,605,990</u>