Consolidated Financial Statements of

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

And Independent Auditor’s Report thereon

Year ended December 31, 2024

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Consolidated Financial Statements

Year ended December 31, 2024

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Lakeshore (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Lakeshore

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Lakeshore (the Municipality), which comprise:

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

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the **"*Auditor's Responsibilities for the Audit of the Financial Statements*"** section of our auditor's report.

We are independent of the Municipality 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.

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

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

Auditor's Responsibilities for the Audit of the 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 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 the 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Municipality's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality's 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

August 11, 2026

THE CORPORATION OF THE MUNICIPALITY OF LAKESHOR

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash and temporary investments	$ 132,094,372	$ 88,565,703
Taxes receivable	5,728,679	3,931,024
Trade and other receivables	4,104,901	4,460,991
Water receivables and unbilled revenue	5,851,803	4,087,186
Drainage receivables	3,123,682	1,946,557
Drainage recoverable from others	220,171	284,712
Inventory held for resale	18,147	18,147
Investments (note 2)	266,590	393,106
Investment in UWSS Inc. (note 3)	2,604,512	-
	154,012,857	103,687,426
Financial liabilities		
Short-term loans (note 4)	818,274	541,343
Accounts payable and accrued liabilities	9,174,269	15,539,705
Deposits	2,723,758	1,459,479
Deferred revenue (note 5)	12,704,968	12,833,932
Accrued interest on long-term liabilities	255,131	118,260
Net long-term liabilities (note 6)	62,132,210	19,566,940
Asset retirement obligation	1,205,813	1,730,214
Post-employment benefits (note 8)	2,586,400	2,422,900
Accumulated vested sick leave (note 9)	586	586
Landfill closure cost liability (note 10)	523,935	541,111
	92,125,344	54,754,470
Net financial assets	61,887,513	48,932,956
Non-financial assets		
Tangible capital assets (Schedule 1)	429,393,484	414,348,982
Unfunded capital in progress	5,026,011	3,327,940
Asset retirement obligation assets	966,102	1,073,402
Inventories of supplies	180,830	180,830
Prepaid expenses	54,913	73,118
	435,621,340	419,004,272
Contractual obligations and contingencies (notes 13 and 14)		
Accumulated surplus (Schedule 4)	$ 497,508,853	$ 467,937,228

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
	(note 15)		
Revenue:			
Taxation	$ 45,341,912	$ 44,759,989	$ 42,098,958
User charges:			
Wastewater	8,050,621	8,884,737	7,952,048
Water	10,552,102	10,963,409	10,742,692
Recreation	3,223,560	3,467,590	3,447,328
Other	1,431,441	1,691,043	1,680,902
Government transfers	1,605,290	3,237,070	2,272,160
Other (note 11)	2,709,860	6,057,270	5,710,751
Deferred revenue earned (Schedule 2)	6,408,564	2,892,329	3,072,097
	79,323,350	81,953,437	76,976,936
Expenses (Schedule 5):			
General government	9,070,816	9,090,133	9,541,884
Protection to persons and property	9,528,010	10,267,211	9,887,201
Transportation services	5,562,562	10,416,490	11,752,733
Environmental services	17,515,958	22,442,799	21,166,864
Recreation and cultural services	6,938,909	10,773,982	10,616,848
Planning and development	1,808,979	1,879,212	1,770,105
	50,425,234	64,869,827	64,735,635
Net revenue	28,898,116	17,083,610	12,241,301
Other:			
Grants and revenues (expenses) related to capital:			
Loss on sale of capital assets	-	(37,437)	(279,306)
Deferred revenue earned (Schedule 2)	-	5,553,480	13,366,478
Contribution from developers	-	6,557,561	12,115,749
Other	-	222,326	(19,349)
Investment Income - UWSS Inc. (note 3)	-	192,085	-
	-	12,488,015	25,183,572
Annual surplus	28,898,116	29,571,625	37,424,873
Accumulated surplus, beginning of year	467,937,228	467,937,228	430,512,355
Accumulated surplus, end of year	$ 496,835,344	$ 497,508,853	$ 467,937,228

See accompanying notes to consolidated financial statements

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus	$ 29,571,625	$ 37,424,873
Amortization of tangible capital assets	12,875,696	12,823,959
Amortization of asset retirement obligation assets	47,109	51,995
Acquisition of tangible capital assets	(30,129,053)	(46,487,544)
Acquisition of unfunded tangible capital assets	(1,698,071)	(188,637)
Loss on sale of tangible capital assets	37,437	279,306
Transfer of tangible capital asset to UWSS Inc (note 3)	1,861,337	-
Proceeds on sale of tangible capital assets	370,272	62,378
	12,936,352	3,966,330
Acquisition of inventories	(180,830)	(180,830)
Acquisition of prepaid expenses	(54,913)	(73,118)
Consumption of inventories	180,830	180,830
Consumption of prepaid expenses	73,118	93,546
Change in net financial assets	12,954,557	3,986,758
Net financial assets, beginning of year	48,932,956	44,946,198
Net financial assets, end of year	$ 61,887,513	$ 48,932,956

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE
Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Annual surplus	$ 29,571,625	$ 37,424,873
Items not involving cash:		
Amortization of tangible capital assets	10,994,495	12,823,959
Accretion and amortization of asset retirement obligations	94,851	111,255
Loss on sale of tangible capital assets	37,437	279,306
Share of UWSS income	(192,085)	-
Transfer of Reserves-UWSS Inc	801,851	-
Reduction in UWSS asset retirement obligations and assets	(15,979)	-
Change in non-cash operating working capital:		
Taxes, trade and water receivables	(3,198,361)	1,328,235
Prepaid expenses	18,205	20,428
Drain receivables and debt recoverable from others	(1,112,584)	845,485
Accounts payable, accrued liabilities and deposits	(5,101,156)	2,832,128
Deferred revenue	(128,964)	(5,683,048)
Unfunded liabilities - interest, benefits, landfill	283,195	62,954
	32,052,530	50,045,575
Investing:		
Decrease in investments	126,516	201,209
	126,516	201,209
Capital:		
Acquisition of unfunded tangible capital in progress	(1,698,071)	(188,637)
Acquisition of tangible capital assets (net)	(30,164,779)	(46,487,544)
Proceeds on disposal of tangible capital assets	370,272	62,378
	(31,492,578)	(46,613,803)
Financing:		
Long-term debt issued	45,281,428	-
Debenture principal repayments	(2,716,158)	(2,643,213)
	42,565,270	(2,643,213)
Increase in cash and cash equivalents	43,251,738	989,768
Cash and cash equivalents, beginning of year	88,024,360	87,034,592
Cash and cash equivalents, end of year	$ 131,276,098	$ 88,024,360
Supplemental cash flow information:		
Cash and temporary investments	$ 132,094,372	$ 88,565,703
Short term capital loan	(818,274)	(541,343)
Cash and cash equivalents, end of year	$ 131,276,098	$ 88,024,360

See accompanying notes to consolidated financial statements.

1. Significant accounting policies:

(a) Management responsibility:

The consolidated financial statements of The Corporation of the Municipality of Lakeshore ("Municipality") are the representations of management, prepared in accordance with accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

(b) 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 and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Basis of consolidation:

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds, and changes in investment in tangible capital assets of the Municipality.

The investment in UWSS Inc. is accounted for using the modified equity basis of accounting, which represents the Municipality's proportionate share of UWSS Inc.'s net assets at acquisition plus its share of undistributed earnings. This basis is consistent with generally accepted accounting treatment for government business enterprises.

1. Significant accounting policies (continued):

(d) Taxes receivable and related revenues:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Municipality Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect to education taxes and the County of Essex in respect of upper tier 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 Municipality determines the taxes applicable and renders supplementary tax billings. Taxation 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 Municipality 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 receivables are reported net of any expense or allowance for doubtful accounts.

(e) Government transfers:

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

(f) 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 annual surplus, provides the Change in Net Financial Assets for the year.

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(i) 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 is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	20 – 50 years
Buildings	40 – 50 years
Machinery and equipment	10 – 30 years
Vehicles	8 – 20 years
Water and waste plants and networks:	
Underground networks	40 – 100 years
Treatment plants and water storage towers	70 – 75 years
Processing equipment	10 – 60 years
Transportation:	
Roads	10 – 20 years
Bridges and structures	50 – 75 years
Sidewalks	30 years
Storm sewers	25 –100 years
Trails and walking paths	15 years
Pooled assets	5 –25 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, at which time it is capitalized.

The Municipality has a capitalization threshold of $10,000 – $25,000, depending on the asset so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computers, bunker gear and other fire equipment, generators, road signs and street lights.

(ii) 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.

(iii) Inventories:

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

1. Significant accounting policies (continued):

(g) Investments:

Investments are recorded at cost. When there is a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(h) Inventory:

Inventory of goods held for resale is recorded at the lower of cost and net realizable value.

(i) Deferred revenue:

Funds received for specific purposes that are externally restricted by legislation, regulation or agreement and not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

(j) County and school boards:

The Municipality collects taxation revenue on behalf of the school boards and the County of Essex. 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 these consolidated financial statements. Amounts due from/to the County of Essex and the school boards are included in trade and other receivables/accounts payable and accrued liabilities on the consolidated statement of financial position.

(k) Employee future benefits:

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement, sick leave benefits and certain post-employment benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits and other post-employment benefits that accumulate over the period of service provided by the employees are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management’s best estimate of salary escalation and retirement ages of employees, inflation rates, investment returns, health care cost trends and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

1. Significant accounting policies (continued):

(l) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially the entire 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.

(m) Purchase premium:

Purchase premium arising on the acquisition of a government business enterprise will be deferred and amortized over a period to twenty years.

(n) Use of estimates:

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of taxes and other accounts receivable, the carrying value of tangible capital assets, accruals and employee benefits payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

(o) Asset retirement obligation:

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

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

(p) Financial instruments:

Financial instruments include primary instruments (such as receivables, payables, and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). Any unrealized gains and losses are reported through the statement of remeasurement gains and losses. Unrealize gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity.

1. Significant accounting policies (continued):

(q) Adoption of new accounting standards:

The Municipality adopted prospectively PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles* standards for the fiscal year beginning January 1, 2024.

The adoption of these new accounting standards had the following impact on the financial statements:

- PS 3160 *Public Private Partnerships* provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. As a result of applying the Public Private Partnership accounting standard it was determined that this accounting standard did not affect the Municipality.
- PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations, referred to as the exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred. As a result of applying the Revenue accounting standard, there was no impact on the Municipality.
- PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. No such transactions were identified by the Municipality.

2. Investments:

	2024	2023
Debentures	$ 266,590	$ 393,106
	$ 266,590	$ 393,106

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

During the year, the UWSS was incorporated with share capital under the structure of a Municipal Service Corporation. The Municipality received 300 Class A Special Shares of Union Water Supply System Inc., the new corporation. The Municipality has applied PS 2510 to transition the Municipality's investment in Union Water Supply System Inc. from a government unit to a government business enterprise.

The Municipality holds a 3.36% investment in Union Water Supply System Inc. This investment is recorded using the modified equity method, wherein the investment balance represents the Municipality's proportionate interest in the net assets of Union Water Supply System Inc. at acquisition, plus its proportionate share of undistributed earnings.

The equity in the UWSS is made up as follows:

	2024	2023
Equity in contributed capital	$ 2,412,424	$ –
Common shares	3	–
Net income	192,085	–
	$ 2,604,512	$ –

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

	2024	2023
Financial Position		
Current assets	$ 23,802,335	$ –
Tangible capital assets, net	59,183,874	–
Total Assets	82,986,209	–
Current liabilities	4,238,343	–
Non-current liabilities	1,232,615	–
Total Liabilities	5,470,958	–
Equity	77,515,251	–
Results from Operations		
Revenues	15,185,316	–
Expenses	10,751,542	–
Income before other items	4,433,774	–
Other items	1,283,031	–
Net income and retained earnings, end of period	$ 5,716,805	$ –

4. Short term loans:

The Municipality has a demand line of credit for current operations and drainage construction. Credit is available to a maximum of $6,700,000 and bears interest at prime minus 0.25%. All amounts under these facilities are repayable immediately on demand to TD Canada Trust. The balance at the end of the year is $818,274 (2023 - $541,343) for drainage construction. This loan is offered on an unsecured basis.

5. Deferred revenue:

	2024	2023
Obligatory reserve funds:		
Development Charges Act and Agreements	$ 8,163,197	$ 10,044,660
Parking and trees	189,778	206,434
Parkland dedication	1,272,663	1,089,227
Federal gas tax	2,062,366	–
Building code	1,016,964	1,493,611
	$ 12,704,968	$ 12,833,932

The net change during the year in the deferred revenue balances is detailed in the Schedule 2 - Deferred Revenue.

6. Long-term liabilities:

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

	2024	2023
Total debentures payable	$ 62,132,210	$ 19,356,622
Share of Union Water System obligations	–	210,318
	$ 62,132,210	$19,566,940

Principal payments for the next five fiscal years and thereafter are as follows:

2025	$ 3,964,609
2026	3,600,851
2027	3,723,012
2028	3,868,230
2029	3,179,274
Thereafter	43,796,234

6. Long-term liabilities (continued):

Principal repayments on long-term debt will be funded as follows:

	2024	2023
Taxation	$ 9,078,041	$ 9,823,819
User rates:		
Water	4,286,943	5,681,952
Wastewater	48,541,588	3,738,632
Benefitting landowners	225,638	322,537
	$ 62,132,210	$ 19,566,940

Interest rates range from 2.205% to 6.0%. Total interest charges included in reporting on the consolidated statement of operations and accumulated surplus is $791,741 (2023 - $752,371). Of this amount, $302,425 (2023 - $170,462) was paid from wastewater rates, $159,064 (2023 - $219,057) from water rates, $313,256 (2023 - $336,219) from tax rates and $16,996 (2023 - $26,633) from benefitting landowners.

7. Pension agreement:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan on behalf of eligible members of its staff. The plan is funded through equal contributions from the employer and its member employees. The plan provides defined pension benefits to employees based upon their length of credited service and rates of pay. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Municipality to account for the plan as a defined benefit plan.

During the year, the Municipality paid $1,353,635 (2023 - $1,098,684) in contributions towards the OMERS plan which are recorded in the statement of operations. At December 31, 2024, the OMERS plan is in an actuarial deficit position, which is being addressed through rate contributions and benefit reductions. Contribution rates 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.

8. Post-employment benefits

The post-employment benefit liability is based on an actuarial valuation performed by the Municipality's actuary. The actuarial valuation was performed on December 31, 2024. The following significant actuarial assumptions were applied in estimating post-employment benefit liability:

(a) a discount factor of 4.30% (2023 - 4.16%)
(b) a health care trend rate of 4.8% for 2024

The liability based on the above assumptions at the year-end date is $2,586,400 (2023 - $2,422,900).

	2024
Accrued benefit liability, beginning	$ 2,422,900
Annual expense	399,900
Benefits paid	(104,200)
Unamortized net actuarial loss	(132,200)
Accrued benefit obligations, end of year	$ 2,586,400

9. Liability for vested sick leave benefits:

Under the sick leave benefit plan, unused sick leave as at January 1, 2000 to a maximum of 100 days may be paid out at 50% when an employee leaves the Municipality's employment.

Days may be used while waiting for short term disability, to top up short term disability to 100% of their normal wages, and to top up long term disability to 90% of their normal wages.

Subsequent to January 1, 2000, 7 sick days per year are granted to all full-time employees, and if unused, may be paid out or accumulated to a maximum of 30 days. At the year end, the liability for the accumulated days amounted to $368,755 (2023 - $296,532) and is included in accounts payable.

The liability for these accumulated days, to the extent that they have vested and payment could be taken in cash by an employee upon termination, amounted to $586 (2023 - $586).

10. Landfill closure cost liability:

Essex County Landfill #3 was closed in 1997 and requires care consisting of hauling and treating leachate for an estimated period of 35 to 40 years. This landfill is the joint responsibility of the Municipality of Lakeshore, Municipality of Tecumseh and City of Windsor. The site is administered by the Essex-Windsor Solid Waste Authority. The liability was calculated assuming a 4% (2023 - 4%) discount rate and 2% (2023 - 2%) rate of inflation using current annual contributions. Payments are made on a bi-monthly basis. The liability calculated using the above assumptions amounted to $523,935 at the year end date (2023 - $541,111).

11. Other income:

	2024	2023
Penalties and interest on taxation	$ 895,043	$ 671,461
Investment income	4,370,956	3,495,573
Permits and licenses	870,960	850,360
Miscellaneous	(79,689)	693,357
	$ 6,057,270	$ 5,710,751

12. Operations of School Boards and the County of Essex:

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

	2024	2023
School boards	$ 12,671,228	$ 12,591,518
County of Essex	32,769,951	30,888,485
	$ 45,441,179	$ 43,480,003

13. Contractual obligation – Ontario Clean Water Agency:

In accordance with a service agreement entered into by the Municipality with the Ontario Clean Water Agency, the primary sewage system is operated by the Agency. The Municipality is obligated to meet all operating and capital costs and repay the long-term liabilities related to these projects.

14. Contingencies:

During the normal course of operations, the Municipality may be subject to various legal actions. The settlement of these actions, if any, is not expected to have a material effect on the consolidated financial statements of the Municipality.

15. Budget amounts:

The Financial Plan (Budget) By-Law adopted by Council on February 15, 2024 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget is unaudited and was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to $nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on February 27, 2024 with adjustments as follows:

	Budget Amount
Revenue:	
Operating	$ 86,807,414
Capital	26,184,279
Less:	
Transfers from reserves	(33,668,343)
Total revenue	79,323,350
Expenses:	
Operating	86,807,414
Capital	26,184,279
Less:	
Transfers to reserves	(38,329,515)
Debt principal payments	(6,656,978)
Capital expenditures	(26,184,279)
Add:	
Amortization of tangible capital assets	12,922,805
Total expenses	50,425,234
Budgeted surplus per financial statements	$ 28,898,116

16. Segmented information:

The Municipality of Lakeshore is a diverse lower tier municipal government that provides a wide range of services to its citizens. The Municipality’s operations and activities are organized functionally based on services provided and their activities are summarized by reportable segment in these statements.

For each reportable segment, the Municipality has reported expenses that represent both amounts that are directly attributable and amounts that are allocated on a reasonable basis. Revenues have not been presented by segment based on their nature and instead are shown by object as shown in Schedule 5.

The Municipality's reportable segments and their associated activities are as follows:

(i) General government provides functions of general governance and corporate management comprised of tax levy revenue, council, council services, finance and administration activities.

(ii) Protection services: are comprised of Police, Fire and Protective Inspection activities including building, by-law enforcement and animal control.

(iii) Transportation services: includes Roads and related Asset Management and responsibility for road maintenance, hard-top and loose-top maintenance, road patrol, salt, sanding, snow removal, street lighting and administration of facilities.

(iv) Environmental services: are comprised of water, sanitary and storm sewers, solid waste collection, disposal and recycling.

(v) Recreation and cultural services: Recreational and cultural services are comprised of parks cultural activities and recreation facilities and responsibility for providing and facilitating the development and maintenance of high quality parks, recreation and cultural services.

(vi) Planning and development: includes Planning, Agricultural Drainage and Engineering, responsible for administration of land use plans and policies for sustainable development of the Municipality.

The accounting policies used in these segments are consistent with those followed in preparation of the consolidated financial statements as disclosed in Note 1.

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Schedule of Tangible Capital Assets (Incl Asset Retirement Obligations)

Schedule 1

Year ended December 31, 2024, with comparative information for 2023

	General					Infrastructure					Totals	
	Land	Land improvements	Buildings	Equipment	Vehicles	Plants and facilities	Roads	Underground	Bridges	Assets under construction	2024	2023
	$	$	$	$	$	$	$	$	$	$	$	$
Cost:												
Beginning of year	6,913,525	16,585,323	70,749,007	35,276,588	9,887,891	76,861,580	145,566,855	182,094,342	7,306,814	65,876,072	617,117,997	573,342,608
Additions	-	730,784	37,108	1,625,654	820,365	34,117	8,467,522	5,931,761	-	23,608,266	41,255,577	66,272,899
Disposals	-	-	-	(116,730)	(708,121)	(1,128,711)	(1)	-	-	(11,090,798)	(13,044,361)	(22,186,140)
Donations and transfers	(16,376)	(407,649)	-	(807,052)	-	-	(922,512)	-	-	(18,631)	(2,172,220)	(311,370)
Balance, end of year	6,897,149	16,908,458	70,786,115	35,978,460	10,000,135	75,766,986	153,111,864	188,026,103	7,306,814	78,374,909	643,156,993	617,117,997
Accumulated Amortization:												
Beginning of year	-	4,065,683	16,589,443	16,629,977	5,978,355	18,080,142	92,929,326	44,725,797	3,770,292	-	202,769,015	192,315,527
Amortization	-	444,539	2,257,258	1,424,518	620,270	1,330,019	4,692,427	2,002,930	101,291	-	12,873,252	12,719,236
Accumulated amortization on disposals	-	(159,846)	-	(116,730)	(540,180)	(456,272)	(1)	-	-	-	(1,273,029)	(2,370,471)
Donations and transfers	-	(1,566)	-	(235,147)	-	-	(369,016)	-	-	-	(605,729)	104,723
Balance, end of year	-	4,348,810	18,846,701	17,702,618	6,058,445	18,953,889	97,252,736	46,728,727	3,871,583	-	213,763,509	202,769,015
Net book value of tangible capital assets	6,897,149	12,559,648	51,939,414	18,275,842	3,941,690	56,813,097	55,859,128	141,297,376	3,435,231	78,374,909	429,393,484	414,348,982

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Deferred Revenue **Schedule 2**

Year ended December 31, 2024, with comparative information for 2023

	Balance December 31, 2023	Interest earned	Contributions received	Deferred revenue allocated	Balance December 31, 2024
Parkland	$ 1,089,227	$ 19,636	$ 128,800	$ 35,000	$ 1,272,663
Development charges	6,621,328	87,719	2,851,242	(4,423,642)	5,136,647
Building Code	1,493,611	25,423	-	(502,070)	1,016,964
Canada Community Build Fune (FGT)	-	17,026	2,062,843	(17,503)	2,062,366
Trees	205,687	3,331	-	(20,000)	189,018
Provincial Grants	3,423,332	150,167	2,970,646	(3,517,594)	3,026,551
Parking	747	12	-	-	759
	$ 12,833,932	$ 303,314	$ 8,013,531	$ (8,445,809)	$ 12,704,968

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Schedule of Reserves and Reserve Funds **Schedule 3**

Year ended December 31, 2024, with comparative information for 2023

	Balance December 31, 2023	Interest earned	Contributions received	Inter fund transfers	Transfer from (to) capital/UWSS	Transfer from (to) operations	Balance December 31, 2024
Reserve Funds:							
Water	$ 28,695,441	$ 651,839	$ -	$ -	$ (5,123,072)	$ 5,106,464	$ 29,330,672
Wastewater	(31,140,748)	(627,414)	-	-	(4,459,410)	51,199,034	14,971,462
Future employee benefits	714,999	12,170	-	-	-	-	727,169
ELK sale proceeds	1,440,753	24,523	-	-	-	-	1,465,276
	(289,555)	61,118	-	-	(9,582,482)	56,305,498	46,494,579
Reserves:							
Working capital	3,163,590	-	-	(2,988,443)	(129,541)	-	45,606
Contingencies	1,761,954	-	-	-	-	-	1,761,954
Accumulated sick leave	55,130	-	-	-	-	-	55,130
Water operating	1,064,058	-	-	-	-	-	1,064,058
Union water system	357,392	-	-	-	(357,392)	-	-
Union water system	444,459	-	-	-	(444,459)	-	-
Roads	11,158,389	-	-	(270,897)	(3,636,277)	8,347,339	15,598,554
Acquisition of capital assets	46,772,663	-	405,670	7,078,066	(7,720,098)	6,410,032	52,946,333
Future operating expenses	6,671,743	-	-	(1,824,590)	(688,917)	3,480,607	7,638,843
	71,449,378	-	405,670	1,994,136	(12,976,684)	18,237,978	79,110,478
	$ 71,159,823	$ 61,118	$ 405,670	$ 1,994,136	$ (22,559,166)	$ 74,543,476	$ 125,605,057

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Consolidated Schedule of Accumulated Surplus **Schedule 4**

December 31, 2024, with comparative information for 2023

	2024	2023
Reserves and Reserve Funds:		
Reserve Funds (Schedule 3)	$ 46,494,579	$ (289,555)
Reserves (Schedule 3)	79,110,478	71,449,378
	125,605,057	71,159,823
Surpluses:		
Tangible capital assets	419,638,420	398,558,001
Deficit - unfunded tangible capital in progress	(5,026,011)	(3,327,940)
General revenue fund	5,151,210	1,785,496
General reduction of user charges	787,657	3,554,529
Benefitting landowners related to special charges and special areas	-	(53,011)
Asset retirement obligation (net)	-	(656,813)
Municipal Debt - Recoverable	(45,281,428)	-
Unfunded:		
Post employment liabilities and sick leave	(2,586,986)	(2,423,486)
Landfill closure cost liability	(523,935)	(541,111)
Accrued interest on long-term debt	(255,131)	(118,260)
	371,903,796	396,777,405
Accumulated surplus	$ 497,508,853	$ 467,937,228

THE CORPORATION OF THE MUNICIPALITY OF LAKESHORE

Schedule of Segmented Disclosure **Schedule 5**

Year ended December 31, 2024

	General Government	Protective Services	Transportation Services	Environmental Services	Recreation	Planning and Development	Total
Revenue							
Property taxes	$ 44,759,989	$ -	$ -	$ -	$ -	$ -	$ 44,759,989
Government transfers	2,424,258	276,523	313,565	4,637	51,629	166,457	3,237,069
User fees and sale of goods	971,549	168,823	230,027	19,848,146	3,467,590	320,645	25,006,780
Investment income	4,370,956	-	-	-	-	-	4,370,956
Investment income - UWSS Inc.	-	-	-	192,085	-	-	192,085
Gain or (loss) on sale of tangible capital assets	(37,437)	-	-	-	-	-	(37,437)
Deferred revenue earned	467,070	-	3,535,097	4,423,642	-	20,000	8,445,809
Other revenues	1,135,723	715,862	6,557,561	57,053	-	-	8,466,199
	54,092,109	1,161,208	10,636,251	24,525,562	3,519,219	507,102	94,441,452
Expenses							
Salaries, wages and employee benefits	6,121,453	3,479,977	1,931,813	4,332,770	3,908,284	1,479,148	21,253,445
Interest on long-term debt	-	-	-	461,490	313,256	16,996	791,742
Materials	1,717,587	790,036	2,933,801	5,692,154	3,035,889	231,978	14,401,445
Contracted services	900,568	5,040,190	480,732	7,279,194	486,506	151,090	14,338,280
Rents and financial expenses	73,445	8,539	-	11,540	57,378	-	150,903
External transfers	-	562,387	-	448,820	-	-	1,011,207
Amortization	277,080	386,081	5,070,144	4,216,831	2,972,669	-	12,922,805
	9,090,133	10,267,211	10,416,490	22,442,799	10,773,982	1,879,212	64,869,827
Annual surplus (deficit)	$ 45,001,977	$ (9,106,003)	$ 219,761	$ 2,082,764	$ (7,254,763)	$ (1,372,110)	$ 29,571,625