

Consolidated Financial Statements of

**THE CORPORATION OF
THE TOWNSHIP OF
ELIZABETHTOWN-KITLEY**

And Independent Auditor's Report thereon

Year ended December 31, 2024

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Table of Contents

Year ended December 31, 2024

	<u>Page</u>
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Municipal Equity	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5
Schedule 1 – Continuity of Reserves and Reserve Funds	25
 Trust Funds:	
Independent Auditor's Report	27
Statement of Financial Position	30
Statement of Financial Activities and Changes in Fund Balances	31
Notes to Financial Statements	32

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Corporation of the Township of Elizabethtown-Kitley (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township'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 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 Council approval of the consolidated financial statements.

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

Rob Nolan
Administrator

Christine Martin
Director of Finance/Treasurer



KPMG LLP

22 Wilson Street, West
Perth, ON K7H 2M9
Canada
Telephone 613 267 6580
Fax 613 267 7563

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Elizabethtown-Kitley

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Elizabethtown-Kitley (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated municipal equity 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 notes to the consolidated 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 financial position of the Entity as at December 31, 2024, and its 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 Financial Statements**” section of our auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 Entity'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 Entity 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 activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the the group audit and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

June 23, 2025

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 2,174,721	\$ 4,261,124
Taxes receivable	1,678,474	1,372,042
Accounts receivable	296,745	502,030
Grants receivable	—	218,000
	<u>4,149,940</u>	<u>6,353,196</u>
Financial liabilities:		
Accounts payable and accrued liabilities	823,992	1,557,470
Prepaid property taxes	203,734	168,243
Deferred revenue	53,142	30,190
Asset retirement obligations (note 9)	587,048	564,469
Obligatory reserve funds (note 4)	116,608	207,710
Long-term liabilities (note 5)	1,925,725	2,022,363
	<u>3,710,249</u>	<u>4,550,445</u>
Net financial assets	439,691	1,802,751
Non-financial assets:		
Tangible capital assets (note 12)	26,368,464	24,900,134
Prepaid expenses	49,030	29,862
Inventory	210,335	119,881
	<u>26,627,829</u>	<u>25,049,877</u>
Commitments (note 10)		
Contingent liabilities (note 11)		
Accumulated municipal equity (note 6)	<u>\$ 27,067,520</u>	<u>\$ 26,852,628</u>

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Consolidated Statement of Operations and Accumulated Municipal Equity

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

	2024 Budget (note 14)	2024 Actual	2023 Actual
Revenue:			
Taxation	\$ 7,687,400	\$ 7,813,718	\$ 7,367,803
Government transfers	1,947,009	1,789,644	2,473,445
User charges	383,827	492,737	395,960
Investment income	302,200	236,758	335,957
Penalties and interest on taxes	200,000	170,043	189,667
Licenses and permits	206,000	192,277	85,937
Contribution from developers	59,300	59,300	156,706
Other	84,700	55,002	17,104
Taxation - garbage collection charges	108,645	108,127	101,825
Gain on sale of tangible capital assets	—	2,133	71,749
Loss on write-down of capital assets	—	—	(182,798)
	10,979,081	10,919,739	11,013,355
Expenses (note 13):			
General government	1,567,654	1,673,731	1,535,666
Protection to persons and property	3,066,651	3,125,620	3,288,577
Transportation services	4,154,327	4,225,739	4,802,551
Environmental services	702,651	738,672	691,584
Social and health services	29,200	22,709	44,352
Recreation and cultural services	445,652	470,891	380,090
Planning and development	445,150	447,485	382,915
	10,411,285	10,704,847	11,125,735
Annual surplus (deficit)	567,796	214,892	(112,380)
Accumulated municipal equity, beginning of year	26,852,628	26,852,628	26,965,008
Accumulated municipal equity, end of year	\$ 27,420,424	\$ 27,067,520	\$ 26,852,628

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Consolidated Statement of Changes in Net Financial Assets

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

	2024 Budget (note 14)	2024 Actual	2023 Actual
Annual surplus	\$ 567,796	\$ 214,892	\$ (112,380)
Amortization of tangible capital assets	1,810,828	1,810,827	1,833,739
Acquisition of tangible capital assets	(3,701,791)	(3,298,003)	(2,805,925)
Proceeds on disposal of tangible capital assets	—	20,979	71,749
Gain on disposal of tangible capital assets	—	(2,133)	111,050
Increase in prepaid expenses	—	(19,168)	(23,258)
Increase in inventory	—	(90,454)	40,679
	(1,890,963)	(1,577,952)	(771,966)
Decrease in net financial assets	(1,323,167)	(1,363,060)	(884,346)
Net financial assets, beginning of year	1,802,751	1,802,751	2,687,097
Net financial assets, end of year	\$ 479,584	\$ 439,691	\$ 1,802,751

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Consolidated Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 214,892	\$ (112,380)
Items not involving cash:		
Amortization of tangible capital assets	1,810,827	1,833,739
Asset retirement obligations	22,579	21,710
Loss (gain) on disposal of tangible capital assets	(2,133)	111,049
Change in non-cash operating working capital:		
Taxes receivable	(306,432)	(285,928)
Accounts receivable	205,285	53,961
Grants receivable	218,000	182,000
Accounts payable and accrued liabilities	(733,480)	385,237
Prepaid property taxes	35,491	35,119
Deferred revenue	22,954	(61,288)
Obligatory reserve funds	(91,102)	(400,515)
Prepaid expenses	(19,168)	(23,258)
Inventory	(90,454)	40,679
	1,287,259	1,780,125
Capital activities:		
Acquisition of tangible capital assets	(3,298,003)	(2,805,925)
Proceeds on disposal of tangible capital assets	20,979	71,749
	(3,277,024)	(2,734,176)
Financing activities:		
Repayment of long-term liabilities	(96,638)	(94,069)
Decrease in cash	(2,086,403)	(1,048,120)
Cash, beginning of year	4,261,124	5,309,244
Cash, end of year	\$ 2,174,721	\$ 4,261,124

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

The Corporation of the Township of Elizabethtown-Kitley (the "Township") was incorporated January 1, 2001 (being an amalgamation of the former Township of Elizabethtown and Township of Kitley) and assumed its responsibilities under the authority of the Ministry of Municipal Affairs and the Municipal Act. The Township operates as a lower tier government in the Corporation of the United Counties of Leeds and Grenville (the "County"), in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Township are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

- (i) 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 Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- Public Library Board

- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

(b) Basis of consolidation:

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

- (iii) Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Fund Balance.

(c) Taxation and related revenues:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established by the Township Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the United Counties of Leeds and Grenville for regional services, and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) Financial Instruments:

The Township records derivatives and portfolio investments in equity instruments that are quoted in an active market at fair value. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are not managed and evaluated on a fair value basis.

Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the Statement of Operations and Accumulated Municipal Equity. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations and Accumulated Municipal Equity.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Financial Instruments (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses.

Long-term debt is recorded at amortized cost.

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).

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.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Statement of Operations and Accumulated Municipal Equity and the unrealized balances are reversed from the Statement of Remeasurement Gains and Losses.

(f) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

(g) 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, 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	10 to 45
Buildings	50
Vehicles	6 to 15
Equipment	7 to 20
Computer equipment	7
Linear assets:	
Roads	15 to 20
Bridges and culverts	75
Sidewalks	40
Water network	75

Amortization is charged from the year of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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 other asset as of the date of transfer.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations in the year of disposal. 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.

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations.

(h) 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.

(i) Inventory:

Inventory held for consumption is recorded at the lower of cost or replacement cost.

(j) Pension and employee benefits:

The Township 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 and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

(k) Government transfers:

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

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(l) Revenue recognition:

Government transfers and funding for projects are recognized when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Corporation generated funds, generally consisting of user fees, licenses and permits, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

(m) Deferred revenue:

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the Development Charges Act, 1997, and Parkland funds collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenue in the fiscal year the services are performed.

The Township receives restricted contributions under the authority of Federal and Provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(n) Asset retirement obligations:

An asset retirement obligation ("ARO") is recognized when, as at the 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.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. The liability is discounted using a present value calculation and adjusted annually for accretion expense. Assumptions used in the calculations are revised annually.

The liability for the removal of asbestos in several of the buildings owned by the Township has been recognized based on estimated undiscounted future expenses. Assumptions used in the calculations are revised yearly.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(n) Asset retirement obligations (continued):

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liabilities are recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity at the time of remediation.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in Note 1(g).

(o) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Township:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(p) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Amounts subject to estimates include asset retirement obligations and the carrying value of tangible capital assets. Actual results could differ from those estimates.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Operations of the school boards and United Counties of Leeds and Grenville:

During the year, the Township collected and made property tax transfers including payments in lieu of property taxes, to the United Counties of Leeds and Grenville and School Boards as follows:

	School Boards		United Counties of Leeds and Grenville	
	2024	2023	2024	2023
Property taxes	\$ 2,318,266	\$ 2,297,394	\$ 5,048,071	\$ 4,685,670
Taxation from other governments	39,326	39,719	47,599	44,976
Amounts requisitioned and paid	\$ 2,357,592	\$ 2,337,113	\$ 5,095,670	\$ 4,730,646

3. Bank indebtedness:

The Township's financial agreement with its bank, CIBC, provides for an operating credit facility of up to \$1,100,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the bank's prime rate. As at December 31, 2024, there was \$Nil (2023 - \$Nil) drawn on the facility.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Obligatory reserve funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as a liability on the Consolidated Statement of Financial Position. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The balances in the obligatory reserve funds of the Township are summarized below:

	Canada Community Building Fund					2024	2023
	OCIF		Development charges	Parkland		Total	Total
Opening balance, January 1	\$ 13,778	\$ 72,625	\$ 96,422	\$ 24,885	\$	207,710	\$ 608,225
Government grants	233,848	304,965	-	-		538,813	601,224
Contribution from developers	-	-	-	-		-	10,500
Interest	3,730	3,955	5,355	6,214		19,254	41,238
Transfer to capital	(247,000)	(342,869)	(34,300)	(25,000)		(649,169)	(1,053,477)
Closing balance, December 31	\$ 4,356	\$ 38,676	\$ 67,477	\$ 6,099	\$	116,608	\$ 207,710

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Long-term liabilities:

- (a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2024	2023
Ontario Infrastructure Projects Corporation (2.58%), with semi-annual blended payments of \$17,578, maturing 2036	\$ 360,842	\$ 386,198
Ontario Infrastructure Projects Corporation (2.76%), with semi-annual blended payments of \$57,976, maturing 2041	1,564,883	1,636,165
	<u>\$ 1,925,725</u>	<u>\$ 2,022,363</u>

- (b) Principal payments are due as follows:

2025	\$ 99,277
2026	101,989
2027	104,775
2028	107,636
2029	110,576
2030 and thereafter	1,401,472
	<u>\$ 1,925,725</u>

- (c) Interest expense on long-term liabilities in 2024 amounted to \$54,471 (2023 - \$57,040).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Accumulated municipal equity:

	2024	2023
Tangible capital assets	\$ 26,368,464	\$ 24,900,134
Long-term liabilities	(1,925,725)	(2,022,363)
	24,442,739	22,877,771
Invested in inventory	210,335	119,881
Unfunded landfill closure	(230,469)	(230,469)
Unrestricted surplus (deficit)	(23,702)	49,283
Unfunded capital projects	(187,454)	—
Reserves (Schedule 1)	2,856,071	4,036,162
Total accumulated municipal equity	\$ 27,067,520	\$ 26,852,628

7. Pension contributions:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The last available report was at December 31, 2024 and at that time the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit).

The amount contributed to OMERS was \$239,124 (2023 - \$207,432) for current services and is included as an expense on the Consolidated Statement of Operations classified under the appropriate functional expense.

8. Trust funds:

Trust funds administered by the Township amounting to \$51,651 (2023 - \$50,151) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Asset retirement obligations:

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

(a) Landfill obligation:

The Township owns and operates two landfill sites, one of which is closed and one, the Greenbush site, is still active. The liability for the closure of operational sites and post-closure care for all the sites has been recognized under PS 3280 Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. As at December 31, 2024, the landfill had an estimated remaining useful life of 21 years. Post-closure care is estimated to be required for 25 years from the date of site closure. The Township recognized an obligation relating to the removal and post-removal care of the landfill. These costs were discounted using a discount rate of 3% per annum (2023 – 4% per annum) and an inflation rate of 3% per annum (2023 – 4% per annum).

(b) Asbestos obligation:

The Township owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 Asset Retirement Obligations, the Township assessed an obligation relating to the removal and post-removal care of the asbestos in these building as estimated. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have not been discounted as the date of demolition is unknown.

The change in the estimated obligation during the year consists of the following:

	2024	2023
Balance, beginning of year	\$ 564,469	\$ 542,759
Accretion expense	22,579	21,710
Balance, end of year	\$ 587,048	\$ 564,469

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Commitments:

The Township receives policing services from the Ontario Provincial Police. Annual charges are based on an estimate determined at the beginning of the year and reconciled to actual costs in the following year. The fees paid in the current year and adjusted for the reconciliation were \$1,388,079 (2023 - \$1,388,515).

11. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2024, management believes that the Township has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

12. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Disposals and Adjustments	Balance at December 31, 2024
Land and land improvements	\$ 942,320	\$ 22,579	\$ -	\$ 964,899
Buildings	6,860,098	20,163	-	6,880,261
Vehicles	5,372,478	1,089,374	(377,102)	6,084,750
Equipment	2,718,932	206,446	-	2,925,378
Computer equipment	321,597	20,559	(56,995)	285,161
Linear assets:				
Roads	27,692,663	1,696,366	(393,572)	28,995,457
Bridges and culverts	3,588,080	-	-	3,588,080
Sidewalks	570,613	-	-	570,613
Water network	4,363,285	-	-	4,363,285
Construction in process	130,681	242,515	-	373,196
Total	\$52,560,747	\$ 3,298,002	\$ (827,669)	\$ 55,031,080

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2023	Amortization	Disposals	Balance at December 31, 2024
Land and land improvements	\$ 111,394	\$ 23,420	\$ -	\$ 134,814
Buildings	1,974,052	138,988	-	2,113,040
Vehicles	3,127,035	349,434	(377,102)	3,099,367
Equipment	1,516,909	176,834	-	1,693,743
Computer equipment	73,305	24,615	(50,524)	47,396
Linear assets:				
Roads	16,913,731	969,565	(381,197)	17,502,099
Bridges and culverts	2,077,909	65,242	-	2,143,151
Sidewalks	339,488	1,657	-	341,145
Water network	1,526,790	61,072	-	1,587,862
Construction in process	-	-	-	-
Total	\$27,660,613	\$ 1,810,827	\$ (808,823)	\$ 28,662,617

	Net book value 2024	Net book value 2023
Land and land improvements	\$ 830,085	\$ 830,926
Buildings	4,767,221	4,886,046
Vehicles	2,985,383	2,245,443
Equipment	1,231,635	1,202,023
Computer equipment	237,765	248,292
Linear assets:		
Roads	11,493,359	10,778,932
Bridges and culverts	1,444,929	1,510,171
Sidewalks	229,468	231,125
Water network	2,775,423	2,836,495
Construction in process	373,196	130,681
Total	\$ 26,368,464	\$ 24,900,134

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information:

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information (continued):

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Social and Health Services	Recreation and Cultural Services	Planning and Development	2024 Total
Revenue:								
Taxation	\$ 7,813,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,813,718
Taxation garbage collection	-	-	-	108,127	-	-	-	108,127
User charges	53,244	80,963	10,858	228,394	-	59,216	60,060	492,735
Government transfers	946,751	29,977	662,789	123,047	-	27,081	-	1,789,645
Contribution from developers	-	27,970	3,762	-	-	27,568	-	59,300
Licenses and permits	1,007	189,725	1,545	-	-	-	-	192,277
Investment income	236,758	-	-	-	-	-	-	236,758
Penalties and interest on taxes	170,043	-	-	-	-	-	-	170,043
Other	-	41,212	1,666	-	-	12,125	-	55,003
Gain on sale of tangible capital assets	-	4,655	16,324	-	-	-	-	20,979
Loss on disposal of tangible capital assets	-	-	(18,846)	-	-	-	-	(18,846)
	9,221,521	374,502	678,098	459,568	-	125,990	60,060	10,919,739
Expenses:								
Salaries, wages and employee benefits	1,025,081	842,905	1,084,219	205,328	4,952	195,467	349,191	3,707,143
Interest	-	44,670	9,801	-	-	-	-	54,471
Materials and services	615,724	1,888,841	1,773,656	415,131	17,757	167,441	51,569	4,930,119
External transfers	-	104,339	-	-	-	50,222	47,725	202,286
Amortization	32,926	243,865	1,358,062	118,214	-	57,761	-	1,810,828
	1,673,731	3,124,620	4,225,738	738,673	22,709	470,891	448,485	10,704,847
Annual surplus (deficit)	\$ 7,547,790	\$ (2,750,118)	\$ (3,547,640)	\$ (279,105)	\$ (22,709)	\$ (344,901)	\$ (388,425)	\$ 214,892

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information (continued):

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Social and Health Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue:								
Taxation	\$ 7,367,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,367,803
Taxation garbage collection	-	-	-	101,825	-	-	-	101,825
User charges	37,317	60,846	-	215,394	-	43,781	38,622	395,960
Government transfers	1,033,735	247,708	862,825	116,178	-	212,999	-	2,473,445
Contribution from developers	-	-	72,000	-	-	84,706	-	156,706
Licenses and permits	2,487	81,750	1,700	-	-	-	-	85,937
Investment income	335,957	-	-	-	-	-	-	335,957
Penalties and interest on taxes	189,667	-	-	-	-	-	-	189,667
Other	-	13,079	2,893	-	-	1,132	-	17,104
Gain on sale of tangible capital assets	-	6,689	64,236	-	-	-	824	71,749
Loss on disposal of tangible capital assets	-	-	(182,798)	-	-	-	-	(182,798)
	8,966,966	410,072	820,856	433,397	-	342,618	39,446	11,013,355
Expenses:								
Salaries, wages and employee benefits	887,269	946,857	1,424,762	183,812	10,425	173,632	228,687	3,855,444
Interest	-	46,597	10,443	-	-	-	-	57,040
Materials and services	394,115	1,984,931	2,136,459	412,138	33,927	161,011	106,503	5,229,084
External transfers	-	102,702	-	-	-	-	47,725	150,427
Amortization	254,282	207,490	1,230,887	95,634	-	45,447	-	1,833,740
	1,535,666	3,288,577	4,802,551	691,584	44,352	380,090	382,915	11,125,735
Annual surplus (deficit)	\$ 7,431,300	\$ (2,878,505)	\$ (3,981,695)	\$ (258,187)	\$ (44,352)	\$ (37,472)	\$ (343,469)	\$ (112,380)

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Budget figures:

The 2024 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Consolidated Statement of Operations. The revenue attributable to these items continue to be included in the Consolidated Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements:

	Budget	Actual
Total revenue	\$ 10,979,081	\$ 10,919,739
Total expenses	(10,411,285)	(10,704,847)
Net revenue	567,796	214,892
Amortization	1,810,828	1,810,827
Funds available	2,378,624	2,025,719
Capital expenditures	(3,701,791)	(3,298,003)
Net book value of capital assets disposed of	—	18,846
Repayment of long-term debt	(96,638)	(96,638)
Disposal of inventory	—	(90,454)
Prior year surplus	—	30,000
Decrease in operating surplus	\$ (1,419,805)	\$ (1,410,530)

Allocated as follows:

Year-end operating surplus (deficit)	\$ —	\$ (230,439)
Net transfers from Reserves - Township	(1,419,805)	(1,180,091)
	\$ (1,419,805)	\$ (1,410,530)

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Financial instruments and risk management:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Township is exposed to credit risk with respect to amounts receivable and investments on the Consolidated Statement of Financial Position.

The Township assesses, on a continuous basis, amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Township at December 31, 2024 is the carrying value of these assets. The carrying amount of amounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity. Subsequent recoveries of impairment losses related to amounts receivable are credited to the Consolidated Statement of Operations and Accumulated Municipal Equity.

						2024	2023
						Net	Net
	Current	Past due	Gross receivables	Allowances		receivables	receivables
Accounts receivable	\$ 140,903	\$ 155,843	\$ 296,746	\$ -	\$ 296,746	\$ 502,030	
Taxes receivable	948,485	808,191	1,756,676	(78,202)	1,678,474	1,372,042	
Grants receivable	-	-	-	-	-	218,000	
Total	\$ 1,089,388	\$ 964,034	\$ 2,053,422	(78,202)	\$ 1,975,220	\$ 2,092,072	

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Township's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2023.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Financial instruments and risk management (continued):

(b) Market risk

(i) Currency risk:

Currency risk arises from the Township's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Township does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Township to cash flow interest rate risk.

The Township's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 5. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Township is not exposed to this risk based on the current investment portfolio.

(c) Liquidity risk:

Liquidity risk is the risk that the Township will not be able to meet all of its cash outflow obligations as they come due. The Township mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current and the terms of the long-term debt are disclosed in note 5.

There have been no significant changes from the previous year in the Township's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Change in accounting policy – adoption of new accounting standards:

The Township adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as 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.

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.

PS 3160 *Public Private Partnerships* (P3s) 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.

There was no impact to the financial statements as a result of adopting the new accounting standard.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Schedule 1 – Continuity of Reserves and Reserve Funds

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

	Budget 2024	Actual 2024	Actual 2023
	(note 14)		
Net transfers from (to) other funds:			
Transfers from operations	\$ 98,661	\$ 213,038	\$ 592,487
Transfers to capital acquisitions	(1,518,466)	(1,393,129)	(1,287,993)
	(1,419,805)	(1,180,091)	(695,506)
Reserves and reserve fund balances, change in year	(1,419,805)	(1,180,091)	(695,506)
Reserves and reserve fund balances, beginning of year	4,036,162	4,036,162	4,731,668
Reserves and reserve fund balances, end of year	\$ 2,616,357	\$ 2,856,071	\$ 4,036,162

Continuity of reserves and reserve funds:

	Actual 2024	Actual 2023
Reserves set aside for specific purposes by Council:		
Working capital	\$ 941,999	\$ 1,183,424
Election	10,000	–
Contingencies	29,250	29,250
Heritage reserve	18,115	18,115
Planning, zoning and economic development	119,073	120,262
Policing contingency	50,000	50,000
	1,168,437	1,401,051
For capital purposes:		
General government	191,338	298,579
Strategic initiatives	846,057	851,058
Road construction and equipment	137,901	296,710
Fire equipment	221,195	879,083
Waste management	3,864	8,800
Recreation	74,728	74,727
Lighthouse	9,517	12,977
Legal	62,954	65,600
Library	103,693	99,881
Water system	18,095	29,404
	1,669,342	2,616,819
For the former Township of Elizabethtown:		
Cemetery	18,292	18,292
Total reserves and reserve funds	\$ 2,856,071	\$ 4,036,162



KPMG LLP

22 Wilson Street, West
Perth, ON K7H 2M9
Canada
Telephone 613 267 6580
Fax 613 267 7563

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Elizabethtown-Kitley:

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Elizabethtown-Kitley (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of financial activities and changes in fund balance for the year then ended
- and 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 financial position of the Entity as at December 31, 2024, and its results of operations 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 Financial Statements***" section of our auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 29

- 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 Entity'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 Entity 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

June 23, 2025

**THE CORPORATION OF THE TOWNSHIP OF
ELIZABETHTOWN-KITLEY**

Trust Funds
Statement of Financial Position

December 31, 2024, with comparative information for 2023

	New Dublin Cemetery	Lehigh Cemetery	2024	2023
Asset				
Cash	\$ 38,279	\$ 13,382	\$ 51,661	\$ 50,151
Fund Balance				
Fund balance	\$ 38,279	\$ 13,382	\$ 51,661	\$ 50,151

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Trust Funds

Statement of Financial Activities and Fund Balance

December 31, 2024, with comparative information for 2023

	New Dublin Cemetery	Lehigh Cemetery	2024	2023
Revenue:				
Sale of plots	\$ —	\$ 1,510	\$ 1,510	\$ —
Interest	2,020	625	2,645	3,434
	2,020	2,135	4,155	3,434
Expenses:				
Transfer to operating fund	2,020	625	2,645	2,609
Excess of revenue over expenses	—	1,510	1,510	825
Fund balance, beginning of year	38,279	11,872	50,151	49,326
Fund balance, end of year	\$ 38,279	\$ 13,382	\$ 51,661	\$ 50,151

THE CORPORATION OF THE TOWNSHIP OF ELIZABETHTOWN-KITLEY

Trust Funds
Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The financial statements of the Trust Funds of the Corporation of the Township of Elizabethtown-Kitley (the "Trust Funds") are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of presentation:

These statements reflect the assets, liabilities, revenue and expenses of the Trust Funds.

(b) Basis of accounting:

Revenue and expenses are recorded on an accrual basis.

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

(c) 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 financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.