

**THE CORPORATION OF THE MUNICIPALITY
LAMBTON SHORES
CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2024

CONTENTS

MANAGEMENT’S REPORT1

INDEPENDENT AUDITOR’S REPORT2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 4

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS 5

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS 6

CONSOLIDATED STATEMENT OF CASH FLOWS 7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 8

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS 34

SCHEDULE 2 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE 36

MANAGEMENT’S REPORT

The management of the Corporation of the Municipality of Lambton Shores (“Municipality”) is responsible for the integrity, objectivity and accuracy of the financial information in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in Note 1 to the consolidated financial statements.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The Municipality employs highly qualified professional staff and deploys an organizational structure that effectively segregates responsibilities, and appropriately delegates authority and accountability.

The December 31, 2024 consolidated financial statements have been examined by the Municipality of Lambton Shores’ external auditors, MNP LLP, and their report precedes the consolidated financial statements.

Lambton Shores, Canada

Rebecca Clothier
Director of Financial Services

Steve McAuley
Chief Administrative Officer

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Lambton Shores:

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Lambton Shores and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, and the results of its consolidated operations, changes in its 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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statement for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on October 2, 2024.

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

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

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

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

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

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

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

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

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

Sarnia, Ontario

September 9, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	\$ 47,381,668	\$ 44,741,462
Portfolio investments (note 4)	1,072,716	1,019,437
Taxes receivable (note 5)	2,473,631	2,259,493
Accounts receivable	6,499,224	6,271,382
Inventories for resale	77,224	76,996
Long-term receivables	1,326,440	1,153,341
TOTAL FINANCIAL ASSETS	58,830,903	55,522,111
LIABILITIES		
Accounts payable and accrued liabilities	3,776,998	3,181,698
Deposits	1,968,933	1,952,124
Deferred revenue (note 6)	12,827,144	13,740,321
Long-term debt (note 7)	9,205,450	5,106,551
Asset retirement obligation (note 8)	146,066	151,434
TOTAL LIABILITIES	27,924,591	24,132,128
NET FINANCIAL ASSETS	30,906,312	31,389,983
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9) (schedule 1)	221,148,332	213,383,816
Prepaid expenses and inventories of supplies	406,252	352,666
TOTAL NON-FINANCIAL ASSETS	221,554,584	213,736,482
ACCUMULATED SURPLUS (note 10)	\$ 252,460,897	\$ 245,126,465

Commitments (note 17)

Contingencies (note 18)

Approved on behalf of Council:

Mayor

C.A.O.

Director of Financial Services

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2024

	Budget 2024 \$ (note 13)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Taxation	15,219,338	\$ 15,013,161	\$ 14,602,714
Government grants - Federal	30,500	12,000	1,345,609
Government grants - Provincial	2,662,735	5,661,209	4,642,579
Municipal grants	345,513	264,368	176,867
User fees and service charged	11,863,143	12,515,141	12,250,781
Other (note 15)	1,505,778	4,697,985	8,147,847
TOTAL REVENUES	31,627,007	\$ 38,163,863	\$ 41,166,397
EXPENSES			
General government	2,045,941	\$ 2,009,303	\$ 2,013,083
Protection services	5,656,123	6,075,162	5,688,532
Transportation services	5,287,842	7,713,838	8,628,132
Environmental services	5,674,960	7,493,884	6,287,609
Health services	130,515	109,380	99,398
Harbour	988,201	764,862	1,188,984
Recreation and cultural services	3,627,685	5,791,612	6,151,977
Planning and development	910,658	871,392	712,922
TOTAL EXPENSES	24,321,925	\$ 30,829,431	\$ 30,770,637
ANNUAL SURPLUS	7,305,082	7,334,432	10,395,760
ACCUMULATED SURPLUS - beginning of year	245,126,465	245,126,465	234,730,705
ACCUMULATED SURPLUS - end of year (note 10)	\$ 252,431,547	\$ 252,460,897	\$ 245,126,465

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2024

	Budget 2024 \$ (note 13)	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS	7,305,082	7,334,432	10,395,760
Acquisition of tangible capital assets	(18,109,148)	(14,863,996)	(12,274,023)
Amortization of tangible capital assets	7,204,023	7,204,023	6,720,874
Gain (loss) on disposal or sale of capital assets	-	(41,458)	(406,713)
Proceeds on sale of tangible capital assets	-	389,787	697,335
Share of LAWSS adjustment	-	(11,384)	(208,648)
Share of LHPWSS adjustment	-	(441,488)	(375,761)
Change in prepaid expenses and inventory of supplies	-	(53,586)	(128,436)
INCREASE IN NET FINANCIAL ASSETS	(3,600,043)	(483,671)	4,420,388
NET FINANCIAL ASSETS - beginning of year	31,389,983	31,389,983	26,969,595
NET FINANCIAL ASSETS - end of year	27,789,940	30,906,312	31,389,983

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	Actual 2024 \$	Actual 2023 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	7,334,432	10,395,760
Non-cash charges to operations		
Amortization of tangible capital assets	7,204,023	6,720,874
Gain on disposal of tangible capital assets	(41,458)	(406,713)
Contributed capital asset	(91,240)	(2,706,059)
Change in asset retirement obligation liability	(5,368)	5,705
Change in non-cash assets and liabilities		
Taxes receivable	(214,138)	(24,012)
Accounts receivable	(227,842)	(618,548)
Inventories for resale	(228)	24,979
Prepaid expenses and inventories of suppliers	(53,586)	(128,436)
Long-term receivables	(173,099)	273,443
Accounts payable and accrued liabilities	595,300	(1,214,773)
Deferred revenue	(913,177)	724,925
Deposits	16,809	(756,047)
Net increase in cash from operating transactions	13,430,427	12,291,098
CAPITAL		
Acquisition of tangible capital assets	(14,772,756)	(9,567,964)
Share of LAWSS adjustment on tangible capital assets	(11,384)	(208,648)
Share of LHPWSS adjustment	(441,488)	(375,761)
Proceeds on disposal of tangible capital assets	389,787	697,335
Net decrease in cash from capital transactions	(14,835,841)	(9,455,038)
INVESTING		
Increase in investments	(53,279)	52,605
FINANCING		
Proceeds (repayment) of long-term debt	4,098,899	(822,553)
INCREASE IN CASH AND CASH EQUIVALENTS	2,640,206	2,066,112
CASH AND CASH EQUIVALENTS - beginning of year	44,741,462	42,675,350
CASH AND CASH EQUIVALENTS - end of year	47,381,668	44,741,462

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
NOTES TO THE FINANCIAL STATEMENTS

The Corporation of the Municipality of Lambton Shores ("Municipality") is a municipality in the Province of Ontario, Canada. It was incorporated in 2001 and conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act and related legislation. The Municipality provides municipal services such as fire, public works, planning, parks and recreation and other general government operations.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) as defined in the CPA Canada Public Sector Accounting Handbook. Significant aspects of the accounting policies are as follows:

a) Basis of Consolidation

i. Consolidated Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all municipal organizations, committees and boards which are owned or controlled by the Municipality.

These entities include:

• Forest Town Centre Business Improvement Area	100%
• Arkona Cemetery	100%
• Beechwood Cemetery	100%
• Thedford Baptist and Ward Cemeteries	100%

Inter-departmental and inter-organizational transactions and balances have been eliminated.

ii. Joint Local Board

The Lambton Area Water Supply System ("LAWSS") and Lake Huron Primary Water and Supply System has been consolidated on a proportionate basis based upon the water flow of the Municipality in proportion to the entire flows provided by the joint board for the year. The Grand Bend Area Joint Sewage Board (GBAJSB) has been consolidated on a proportionate basis based upon both agreed percentages and wastewater flow of the Municipality in proportion to the entire flows provided by the joint board for the year. Under the proportionate consolidation method, the Municipality's pro rata share of each of the assets, liabilities, revenues and expenditures of the board are consolidated with similar items in the Municipality's financial statements. For 2024, the Municipality's share of LAWSS was 2.10% (2023 - 2.19%) and LHPWSS was 3.37% (2023 - 3.25%). For GBAJSB, the Municipality's share was 64.70% of administrative and governance costs for the sewage treatment plant, 50.00% of administrative and governance costs for the main pumping stations and force mains, and an average of 68.84% (2023 - 54.35%) for fixed maintenance and variable operating costs.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Consolidation (continued)

iii. Accounting for County and School Board Transactions

The Municipality collects taxation revenue on behalf of other entities. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Lambton are not reflected in these consolidated financial statements.

The entities the Municipalities collects taxation revenue on behalf of are as follows:

- The Corporation of the County of Lambton
- Lambton Kent District School Board
- St. Clair District Catholic School Board
- Le Conseil Scolaire De District Du Centre-Sud-Ouest
- Conseil Scolaire De District Des Ecoles

b) Basis of accounting

The Municipality follows the accrual method of accounting for revenues and expenses. The accrual basis of accounting records revenues as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

c) Trust Funds

Trust funds held in trust by the Municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

d) Retirement benefits and other employee benefit plans

The Municipality's contributions due during the period to its multi-employer defined benefit plan, the Ontario Municipal Employee's Retirement System ("OMERS"), are expensed as incurred.

e) Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are 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 in the year in which it is used for the specified purpose.

f) Non-financial assets

Non-financial assets are not yet 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)

g) Inventories for resale

Inventories of materials held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, interest paid during the construction period, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing after it is capitalized as follows:

Asset	Useful Life - Years
Buildings	15 - 95 years
Equipment	5 - 35 years
Infrastructure transportation	5 - 60 years
Infrastructure environmental	20 - 100 years
Land improvements	10 - 50 years
Rolling stock	10 - 25 years

Work in progress is not amortized until the asset is available for productive use, at which time it is capitalized.

Contributed tangible capital assets are recorded at their fair value at the date of receipt and are also recorded as revenue. In unusual circumstances, where fair value cannot be reasonably determined, contributed tangible capital assets are recognized at nominal value.

i) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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 operations as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial instruments

The Municipality classifies its financial instruments as either fair value or amortized cost. The Municipality's accounting policy for each category is as follows:

i. Fair Value

Fair value investments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

This category includes cash. Which is initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of operations. The Municipality classifies this as a Level 1.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

ii) Amortized Cost

Financial assets measured at amortized cost include temporary investments, accounts receivable, taxes receivable, and other receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deposits and municipal debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest method rate, less any impairment losses on financial assets

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Government transfers

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

l) Revenue recognition

Property tax billings are prepared by the Municipality based on the assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in the property assessments.

Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders a supplementary tax billing. Taxation revenues are recorded at the time the tax billings are issued.

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.

Taxation revenues in any year may also be reduced as a result of reductions in assessment values arising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals and other deficiencies in tax revenues (e.g., uncollectible amounts, write-offs, etc.).

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when the monies are receivable. Grants for the acquisition of tangible assets are recognized in the period in which eligible expenditures are made.

Investment income earned on surplus funds (other than obligatory reserve funds) is recognized when earned. Investment income earned on deferred revenue is recorded directly to each fund

The Municipality recognizes revenue from fines and penalties. These non-exchange transactions have no performance obligations and are recognized at their realizable value when the Municipality has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Revenue recognition (continued)

Revenue from transactions with performance obligations is recognized when the Municipality satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time. The Municipality recognizes revenues from utilities, licenses and permits, certificates, recycling services, and rentals at a point in time, which occurs when the goods and/or services have been provided. In determining the transaction price, the Municipality measures revenue based on the consideration that is expected to receive in exchange for providing the goods and/or services.

m) Accumulated surplus

Accumulated surplus represents the Corporation's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Corporation has net resources (financial and physical) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

n) Budget Figures

The Municipality's council completes separate budget reviews for tax supported operating and capital, as well as water and wastewater budgets each year. Budget figures have been provided for comparison purposes. Given the differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board (PSAB), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

o) 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 revenues and expenses during the period.

Items requiring the use of significant estimates include those related to the useful life of tangible capital assets, asset retirement obligations, allowance for doubtful accounts, and accrued accounts payable. Actual results could differ from these estimates.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Asset retirement obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

q) Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. At December 31, 2024, the Municipality has not identified any instances that meet the criteria for a liability for contaminated sites.

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2024, the Municipality adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, the Municipality recorded revenue affected by this standard when the service or goods have been provided, the amount is determinable and collectability is assured. Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions", as described in Note 1.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
NOTES TO THE FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS/BANK INDEBTEDNESS

The Municipality's bank accounts are maintained at two chartered banks and earn interest at rates from 0% to the bank's prime rate less 1.55%. The Municipality has established a bank operating line of credit of up to \$2,000,000 bearing interest at the bank's prime rate less 0.75%. At December 31, 2024, the Municipality has not accessed the line of credit and have a balance owing of \$nil (2023 - \$nil). All amounts are repayable immediately on demand and the Municipality has the option to repay any amount under this credit at anytime.

4. PORTFOLIO INVESTMENTS

	2024	2023
	\$	\$
4.35% GIC, due March 4, 2029	1,052,652	-
5.25% GIC, matured March 4, 2024	-	1,000,000
Money market fund	14,799	14,172
Sun Life Financial, 150 Common Shares	5,265	5,265
	1,072,716	1,019,437

The income from portfolio investments for the year was \$47,561 (2023 - \$5,068).

5. TAXES RECEIVABLE

Taxes receivables are reported net of allowance for doubtful accounts of \$NIL (2023 - \$NIL). As at December 31, the balances are as follows:

	2024	2023
	\$	\$
Taxes receivable	2,204,569	1,513,469
Penalties and interest	269,062	746,024
	2,473,631	2,259,493

6. DEFERRED REVENUE

Deferred revenue is made up of the following:

	Opening Balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community- Building Fund	\$ 247,371	\$ 378,635	\$ 17,493	\$ -	\$ 643,499
Cash in lieu of parking	191,201	43,333	10,425	-	244,960
Development charges	6,821,846	363,080	384,826	(245,218)	7,324,533
Infrastructure programs	2,506,889	233,833	384	(2,472,062)	269,044
Parkland dedication	378,048	19,700	18,453	(203,045)	213,156
Segregated vibrancy fund	1,370,755	235,305	70,549	(44,395)	1,632,213
Community vibrancy fund	1,895,263	235,305	94,489	(295,829)	1,929,228
Ontario Community Infrastructure Fund	328,948	1,982,444	49,884	(1,790,765)	570,511
	\$ 13,740,321	\$ 3,491,636	\$ 646,502	\$ (5,051,315)	\$ 12,827,144

Canada Community-Building Fund

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Association of Municipalities of Ontario. Gas tax funding may be used towards designated community energy systems, public transit, water, wastewater, solid waste, capacity building projects and local roads and bridges as specified in the funding agreements.

Cash in lieu of parking

Funds are collected as per Lambton Shores by-law 92 of 2022 for cash in lieu of such parking facilities as authorized under Section 40, the Planning Act, R.S.O. 1990.

Development charges

Development charges are collected as per municipal by-law and background study and are allocated to the designated projects therein.

Infrastructure programs

Funding is received for identified projects and allocated to the expense or capital asset as incurred.

Parkland dedication

Funds are collected from developers for the purchase and upgrade of parkland and are allocated to expense or capital asset as incurred.

6. DEFERRED REVENUE (continued)

Community and Segregated vibrancy fund

The Municipality receives Amenity Fees as part of an agreement between the Municipality and Jericho Wind GP, ULC based on the number of megawatts produced by the Jericho Wind Energy Centre, as provided by Cordelio Power Inc. The funding includes external restrictions that it be used for expenditures relating to energy sustainability, land stewardship initiatives, development and construction of recreational facilities, improvement of community and protective services, roads and urban infrastructure, education and job training, and other community-related activities sanctioned by the Municipality. Jericho Wind GP, ULC has the right to reject any such proposed expenditures or application of funds. Funds are allocated to expense or capital as approved by Jericho. As of December 19, 2023, segregated fund was created from the Vibrancy Reserve Fund to fund the small vibrancy projects.

Ontario Community Infrastructure Fund (OCIF)

OCIF revenue is provided by the Province of Ontario. The use of the funding is established by a funding agreement between the Municipality of Lambton Shores and the Minister of Agriculture, Food and Rural Affairs. OCIF may be used towards designated projects that include: water, wastewater, roads, and bridge and culverts. The funding may also be used for the Municipality's asset management plan.

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
NOTES TO THE FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2024	2023
	\$	\$
Loan payable (re Parking Lot - Grand Bend), 3.04%, payable \$32,311 principal and interest quarterly, due September 2026	\$ 219,453	\$ 339,731
Loan payable (re The Shores Recreation Centre), 5.22%, payable \$107,083 principal and interest semi-annually, due September 2033	1,522,519	1,652,113
Loan payable (re Phase IV waterline), 3.17%, payable \$24,781 principal and interest semi-annually, due October 2027	140,772	184,821
Loan payable (re Legacy Centre), 2.00%, payable \$24,781 principal and interest semi-annually, due October 2027	481,758	524,865
Loan payable (re LHPWSS), ranging from 1.40% to 3.80%, with repayments based on system usage	35,660	64,895
Loan payable (re Legacy Centre), 3.49%, payable \$96,057 principal and interest semi-annually, due December 2039	2,228,718	2,340,126
Loan payable (re Admin Building), 4.90%, payable \$146,382 principal and interest semi-annually, due December 2054	4,576,570	-
	\$ 9,205,450	\$ 5,106,551

Principal repayments relating to long-term debt outstanding are due as follows:

Principal Repayments	
2025	\$ 567,222
2026	524,574
2027	446,948
2028	414,074
2029	431,930
Thereafter	6,820,703
\$	9,205,450

7. LONG-TERM DEBT (continued)

The gross interest paid relating to the Municipality's long-term debt was \$190,040 (2023 - \$227,813).

Annual principal and interest payments for the Municipality's portion of municipal debt relating to the Lake Huron Primary Water Supply System issued by the Corporation of the City of London on behalf of the Municipality are determined by the Municipality's percentage of the total water flow in the system during the year. The Municipality's share of the municipal debt issued by the City of London was \$35,660 (2023 - \$64,895), which represents 3.37% (2023 - 3.25%) of the municipal debt issued by the City of London for the Lake Huron Primary Water Supply System. The future principal payments relating to the Municipality's share of this municipal debt are based on the assumption that the Municipality's share of the municipal debt will remain at 3.37%.

8. ASSET RETIREMENT OBLIGATIONS

The Municipality financial statements include asset retirement obligations related to the remediation required for asbestos present in various municipal buildings. The related asset retirement costs are being amortized on a straight-line basis. As at year-end, an obligation of \$146,066 (2023 - \$151,434) has been accrued on the statement of financial position. This amount includes 3.37% of Lake Huron Primary Water Supply System (LHPWSS) and 2.10% of Lambton Area Water Supply System (LAWSS) which has been reported in these financial statements using the proportionate consolidated method. The amount for the Municipality was determined based on the total undiscounted expenditure of \$374,505 present valued at discounted rate of 3%, which are to be incurred over the remaining useful life of the buildings. The liability is expected to be settled as the buildings are renovated and the asbestos remediated.

The carrying amount of the liability as follows:

	2024	2023
	\$	\$
Asset retirement obligation, beginning of year	151,434	\$ 145,729
Accretion expense	3,334	3,388
Accretion expense - LHPWSS	-	-
Accretion expense - LAWSS	329	308
Adjustment change due to allocation change from prior year - LHPWSS	230	1,429
Adjustment change due to allocation change from prior year - LAWSS	(239)	580
Liability settled in the year	(9,007)	-
Liability settled in the year - LHPWSS	(15)	-
Asset retirement obligation, end of year	\$ 146,066	\$ 151,434

8. ASSET RETIREMENT OBLIGATIONS (continued)

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

9. TANGIBLE CAPITAL ASSETS

Contributed capital assets:

Contributed capital assets of \$91,240 (2023 - \$2,706,059) were recognized in the financial statements during the year.

Art and historical assets:

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

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
NOTES TO THE FINANCIAL STATEMENTS

10. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves as follows:

	2024	2023
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	221,148,332	213,383,816
Surplus		
Current Funds	(234,938)	(5,067,269)
Reserves		
Contingencies	62,096	62,096
Forest Town Centre Business Improvement Area	2,360	2,360
Grand Bend Area Joint Sewage Board	1,164,865	907,587
Lake Huron Primary Water Supply System	1,853,145	1,607,500
Lambton Area Water Supply System	442,610	393,968
Working Funds	138,632	138,631
Reserve funds		
Arkona Cemetery	109,614	104,122
Bridge and road inspection	975,881	822,116
Building and facilities	1,559,471	2,588,016
Building department cost stabilization	1,088,180	1,131,023
Community improvement plan	91,228	-
Economic Development	101,873	96,769
Election	49,814	32,305
Equipment	496,602	589,488
GBSTP - Committed Funds	-	55,000
Harbour maintenance	560,822	532,720
Information technology	192,689	156,768
Infrastructure - committed funds	3,811,858	5,112,143
Land improvements	394,115	438,652
Opportunities and contingency	112,846	124,113
Parking	1,064,156	1,049,886
Rolling stock	1,156,209	493,237
Short Term Rental Operations	269,391	148,582
Special projects	1,280,196	1,335,073
Tax rate stabilization	630,365	1,596,332
Transportation services	4,541,359	3,535,075
Wastewater	1,997,327	1,366,763
Water	15,909,063	16,801,327
Working funds	842,252	846,251
Unfunded		
Long-term debt	(9,205,450)	(5,106,550)
Asset Retirement Obligation	(146,066)	(151,434)
Total Reserves	31,547,503	36,809,918
	252,460,897	245,126,465

11. JOINT LOCAL BOARD CONSOLIDATION

Lambton Area Water Supply System (LAWSS)

The following summarizes the financial position and operations of Lambton Area Water Supply System (LAWSS) which has been reported in these financial statements using the proportionate consolidation method.

The consolidated financial statements include the municipality's 2.10% (2023 - 2.19%) proportionate interest of the following:

	2024	2023
	\$	\$
Statement of Financial Position		
Financial Assets	\$ 22,330,263	\$ 19,319,521
Liabilities		
Current Liabilities	971,447	837,685
Asset Retirement Obligation	282,171	266,500
	1,253,618	1,104,185
Net Financial Assets	21,076,645	18,215,336
Non-Financial Assets		
Tangible Capital Assets	95,230,084	93,006,364
Accumulated Surplus	\$ 116,306,729	\$ 111,221,700
Statement of Operations		
Revenue	\$ 13,856,813	\$ 12,734,864
Expenses - excluding amortization	6,462,734	6,021,177
Amortization	2,309,050	2,176,508
Annual Surplus	\$ 5,085,029	\$ 4,537,179

11. JOINT LOCAL BOARD CONSOLIDATION (continued)

Lake Huron Area Primary Water Supply System

The following summarizes the financial position and operations of Lake Huron Primary Water Supply System (LHPWSS) which has been reported in these financial statements using the proportionate consolidation method.

The consolidated financial statements include the municipality's 3.37% (2023 - 3.25%) proportionate interest of the following:

	2024	2023
	\$	\$
Statement of Financial Position		
Financial Assets	\$ 58,553,701	\$ 55,659,226
Liabilities		
Current Liabilities	3,037,549	5,319,364
Long-Term Liabilities	1,050,965	1,996,774
Asset Retirement Obligation	875,427	901,138
Total Liabilities	4,963,941.00	8,217,276
Net Financial Assets	53,589,760	47,441,950
Non-Financial Assets		
Tangible Capital Assets	146,831,166	146,143,305
Prepaid Expenses	515,744	442,020
Total Non-Financial Assets	147,346,910	146,585,325
Accumulated Surplus	\$ 200,936,670	\$ 194,027,275
Statement of Operations		
Revenue	\$ 29,975,542	\$ 25,610,873
Expenses - excluding amortization	15,857,405	15,046,141
Amortization	7,208,742	6,914,488
Annual Surplus	\$ 6,909,395	\$ 3,650,244

11. JOINT LOCAL BOARD CONSOLIDATION (continued)

Grand Bend Area Joint Sewage Board

The following summarizes the operations of Grand Bend Area Joint Sewage Board (GBAJSB) which has been reported in these financial statements using the proportionate consolidation method.

The consolidated financial statements include the municipality's proportionate interest of the following:

	2024	2023
	\$	\$
Statement of Financial Position		
Financial Assets	1,664,092	1,402,762
Accumulated Surplus	1,664,092	1,402,762
Statement of Operations		
Revenue	846,790	816,737
Expenses	585,460	524,706
Annual Surplus	261,330	292,031

12. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of certain employees of the Municipality. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing the plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 640,000 active and retired members and 1,000 employers. Each year and independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$140,766 million (2023 - \$134,574 million) in respect of benefits accrued for service with actuarial assets at that date of \$137,853 million (2023 - \$130,372 million) indicating an actuarial deficit of \$2,913 million (2023 - \$4,202 million).

12. PENSION AGREEMENTS (continued)

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2024 was \$434,997 (2023 - \$400,453). The contribution rate for 2024 was 9.2% to 14.6% depending on age and income level (2023 – 9.2% to 15.8%)

13. BUDGET FIGURES

The budget approved by Council on February 27, 2024 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards) which is allowable as per Ontario Regulation 284/09 of the Municipal Act. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget amounts anticipate use of 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 amounts presented in the statements of operations and change in net financial assets represent the budget adopted by Council on February 27, 2024 with adjustments as follows:

Budget ByLaw Surplus/(Deficit) for the year	-
Add:	
Budgeted capital expenditures	18,109,148
long term debt payments	448,435
Less	
Amortization	(7,204,023)
Net Reserve transfers	(4,048,478)
Budget surplus per statement of operations	<u>7,305,082</u>

14. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2024 \$	Actual 2024 \$	Actual 2023 \$
Salaries and benefits	7,300,929	7,081,948	6,681,500
Amortization	-	7,204,023	6,720,874
Materials	8,950,625	8,612,382	9,029,137
Contributions to other organizations	336,450	602,617	262,394
Rents and financial expenses	108,512	232,435	112,534
Fees and contracted services	7,421,594	6,898,032	7,736,384
Interest on long-term debt	203,815	197,995	227,814
	<u>24,321,925</u>	<u>30,829,432</u>	<u>30,770,637</u>

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
NOTES TO THE FINANCIAL STATEMENTS

15. OTHER INCOME

	Budget 2024 \$	Actual 2024 \$	Actual 2023 \$
Penalties and interest on taxation	198,500	278,228	241,466
Investment income	136,470	2,060,804	1,716,123
Rents, concessions and franchises	977,792	989,292	1,022,260
Donations	193,016	689,877	3,225,077
Other	-	412,189	951,799
Share of LAWSS	-	(100,100)	208,648
Share of LHPWSS	-	232,834	375,761
Gain (loss) on disposal of tangible capital assets	-	134,861	406,713
	1,505,778	4,697,985	8,147,847

16. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LAMBTON

During 2024, requisitions were made by the County of Lambton and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	6,506,408	14,016,349
Payments in lieu	94,087	404,563
	6,600,495	14,420,912
Amounts requisitioned and remitted	6,600,495	14,420,912

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

17. COMMITMENTS

The Corporation of the Municipality of Lambton Shores has entered into an agreement to provide operations and maintenance services for water and wastewater. The annual costs (excluding HST) to the municipality are as follows:

Year	Amount
2025	\$1,575,147
2026	1,615,629
2027	1,656,723
2028	1,698,528
2029	1,741,411

Additionally, The Municipality has contracted with McLean Taylor Construction Ltd for the construction project related to the Grand Bend bridge repairs in the amount of \$7,250,000 including HST. This project commenced in September 2024, with completion by December 2026.

Further to note 11, the Municipality has proportionate interest in joint local board – LAWSS and LHPWSS including their related commitments. Future capital commitments in the aggregate amount of \$18,939,526 and \$3,285,769 can be found within the standalone financial statements of Lambton Area Water Supply System (LAWSS) Lake Huron Primary Water Supply Systems (LHPWSS) respectively.

18. CONTINGENT LIABILITIES

The Municipality is a co-defendant in various legal actions. The ultimate outcomes are indeterminable at December 31, 2024 as litigation is still in progress. The Municipality's management is of the opinion that the Municipality has adequate insurance coverage to offset the amount of any claims and related costs, if any. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

19. SEGMENTED INFORMATION

The Municipality of Lambton Shores is a very diverse rural municipality located on the shores of Lake Huron. The Municipality is made up of the former urban municipalities of Arkona, Bosanquet, Forest, Grand Bend and Thedford. As a municipality, it provides essential services and infrastructure to the residents as efficiently and effectively as possible. Lambton Shores also operates seasonal businesses that feed the tourism industry which make the communities vibrant.

The Municipality has adopted a business approach to the various municipal responsibilities and has separated the financial transactions into several business units that better reflect the true cost of providing the related services and infrastructure. The following provides a brief description of the individual business units adopted:

19. SEGMENTED INFORMATION (continued)

General Government

General is comprised of various departments including the Clerk's, Finance and Taxation, Legal, Human Resources, Information Technology and Economic Development departments. These departments support and provide a variety of services to other departments within the municipality and the public.

Protection Services

Police protection is provided by the Ontario Provincial Police (OPP). The contract is administered by the Lambton Group Police Services Board of which Lambton Shores is a member.

Lambton Shores employs a Chief Building Official (CBO) to provide building permit and inspection services as required by the Ontario Building Code. The County of Lambton is contracted to provide assistance during peak times and for staff holiday coverage. The Clerk's Department provides the administration support for the building services. Building permit fees are established to cover the cost of the building inspector and the administration of such. Assessment management is handled by the Finance Department to ensure that permits are followed up by Municipal Property Assessment Corporation (MPAC) and the pertinent assessment is added to our assessment roll and the proper taxation applied.

Through its by-laws and regulations, Council sets standards for the community to ensure that the residents live in safe, orderly and attractive communities. Using its legislative powers, the Municipality manages activities that could negatively affect the community and uses by-law enforcement staff to enforce the regulations. The business unit includes by-law and parking enforcement, animal control, weed inspection, crossing guards, Conservation Authority costs and emergency management. Currently, the by-law enforcement is performed by one full time staff member and several seasonal staff, with the administration being provided by Lambton Shores. Lambton Shores has an emergency response plan in accordance with provincial legislation. The plan is reviewed and tested every year.

The Municipality has one Fire Department managed by a full time Chief with five Fire Halls in Arkona, Forest, Grand Bend, Northville and Thedford. The Municipality also provides fire service to four municipalities on a fee for service agreement basis. Forest provides coverage to Plympton-Wyoming, Arkona provides coverage to Warwick and Grand Bend provides coverage to Bluewater and South Huron.

Transportation Services

The Public Works Department oversees the provision and maintenance of the municipality's infrastructure including roads, bridges, storm drains, sidewalks, streetlights, traffic signals and winter control.

Environmental Services

The Municipality provides curbside residential and commercial solid waste and recycling collection and disposal through a contract with the Bluewater Recycling Association. An automated collection service is funded through an annual fee. The Public Works staff provides leaf collection and yard waste options as well as maintaining a compost facility in Forest.

19. SEGMENTED INFORMATION (continued)

Cemeteries

The Municipality owns four cemeteries: Beechwood (Forest), Ward (9411 Sitter Road), Baptist (8975 Arkona Road) and Arkona. The Municipality also owns two-thirds of Pinery Cemetery, with the Municipality of South Huron owning the other one third. Arkona Cemetery is managed by a separate committee appointed by Council; however, all operating revenues and costs flow through the Municipality. Beechwood Cemetery is maintained and managed by the Lambton Shores Community Services staff. The Ward and Baptist Cemeteries are essentially closed and there are no further sales, however, burials are permitted in previously sold lots. The Beechwood, Ward, Baptist and Arkona Trust Fund accounts also form part of the Lambton Shores financial records. Pinery Cemetery operates as a separate entity, governed by their own board of which the Municipality has a Council representative. In addition to the municipality-owned cemeteries, the Municipality provides a donation to the Lake Valley Grove Cemetery to help offset maintenance costs.

Recreation and Cultural Services

There are two marinas located within the Municipality, a full service harbour in Grand Bend and a seasonal dockage and community park facility in Port Franks. These seasonal operations are managed by the Lambton Shores Community Services Department. Lambton Shores owns the Port Franks facility and the majority of the land associated with the Grand Bend location; however, the Municipality leases the building and transient docks in the mouth area from the Department of Fisheries and Oceans.

The Municipality operates two arena facilities; one in Forest known as "The Shores" and one in Thedford known as "The Legacy Centre".

Recreation and leisure services assist community organizations in the promotion of festivals, events and other community-oriented projects developed by the organizations, including community grants to groups and organizations within the community. Program and promotional costs are included in the business unit. The Municipality constructed a wellness centre as part of the recreation complex in Forest. The Municipality has contracted the YMCA to manage the fitness centre; however the Municipality owns all of the equipment.

The Municipality has a significant inventory of active and passive parks which also include sports parks such as baseball diamonds and soccer fields. The Community Services Department maintains all of the grounds, buildings and accessories within the parks.

The Municipality is fortunate to own one beach located on the Lake Huron shoreline in Grand Bend. In addition to maintaining this municipal beach and its amenities, the business unit also includes the activities for the beach house, beach patrol and the parking facilities in the area.

19. SEGMENTED INFORMATION (continued)

Recreation and Cultural Services (continued)

The Municipality owns four community centres located in the various urban areas throughout the municipality. The centres vary in size but their primary function is to serve as gathering and activity centres for their respective communities, as well as an emergency reception centre. The Community Services Department is responsible for the booking and maintenance of these facilities. The Municipality provides and maintains five library facilities located in Arkona, Forest, Grand Bend, Port Franks and Thedford. The Corporation of the County of Lambton is responsible for providing the books and staffing needed to operate the community libraries.

Planning and Development

The Planning Department is responsible for the management of growth and development within the Municipality. Planning services are provided by the Corporation of the County of Lambton with a designated planner working with Lambton Shores. Planning and zoning administration is provided by the Municipality's staff. Planning and zoning fees are set to recover costs associated with providing the service and reviewed annually. For segmented reporting purposes the business unit also includes revenues and costs associated with our industrial lands.

The Municipality has 191 drains under its control and management. The drains are created and maintained pursuant to the Municipal Drainage Act and require an extensive amount of administration and supervision. The Municipality also administers the Provincial Tile Loan program for residents. The net costs in the business unit are the general costs that cannot be collected from property owners.

Water

The Municipality owns a significant amount of infrastructure which provides potable water to the residents. At the end of 2008, all properties located within the Municipality had the availability of potable water. The supply of water comes from two different sources – in the north, the Lake Huron Water Supply System and in the south, the Lambton Area Water Supply System. Currently, The Municipality also has a backup supply to Thedford via the Municipality of North Middlesex. The maintenance of the infrastructure and systems is currently contracted to Jacobs Engineering Group while the billing and administration function is done by the Municipality.

Wastewater

The Lambton Shores Wastewater Collection and Treatment System consists of the collection systems of the former urban areas including Arkona, Forest, Grand Bend and Thedford. Tertiary treatment facilities are located in Arkona, Grand Bend and Forest and lagoon systems in Thedford and Grand Bend. The Grand Bend Sewer Treatment facility was completed and put in operation in 2016. The maintenance of the infrastructure and systems is currently contracted to Jacobs Engineering Group while the billing and administration function is done by the Municipality.

For each reported segment, revenues and expenditures represent amounts that are directly attributable to the segment. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

20. FINANCIAL INSTRUMENTS AND RISKS

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant risks. There have been no changes in the Municipality's risk exposures from the prior year.

Credit risk

The Municipality is exposed to credit risk through its cash, taxes receivable and accounts receivable. There is a possibility of non-collection of its accounts receivable. The majority of the Municipality's receivables are from rate payers and government entities. The Municipality mitigates its exposure to credit loss by placing its cash with major financial institutions.

Accounts receivable credit risk is resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Municipality manages its credit risk by limiting the amount of days aged in accounts receivable before appropriate action is taken.

The Municipality's maximum exposure to credit risk at the financial statement date is the carrying value of accounts receivable and other accounts receivable as presented on the statement of financial position.

At year end, the amounts outstanding for the Municipality's accounts receivable are as follows:

2024					
	Current	31-60 days	61-90 days	91-120 days	Total
Accounts receivable	5,162,375	674,429	114,106	548,315	6,499,224
Long term receivable	-	-	-	1,326,440	1,326,440
Taxes receivable	1,888,587	-	-	585,043	2,473,631
Total	7,050,962	674,429	114,106	2,459,799	10,299,295

2023					
	Current	31-60 days	61-90 days	91-120 days	Total
Accounts receivable	5,444,474	93,195	7,274	726,439	6,271,382
Long term receivable	-	-	-	1,153,341	1,153,341
Taxes receivable	1,213,598	-	-	1,045,895	2,259,493
Total	6,658,072	93,195	7,274	2,925,675	9,684,216

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024
NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS AND RISKS (continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its obligations as they become due. The Municipality is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and deferred revenue. The Municipality manages this risk by establishing budgets and funding plans to fund its expenses and debt repayments. The Municipality also maintains certain credit facilities, which can be drawn upon as needed.

The following tables sets out the expected maturities (representing undiscounted contractual cash-flow of financial liabilities):

2024					
	Within 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	3,776,998	-	-	-	3,776,998
Deposits	1,968,933	-	-	-	1,968,933
Long-term debt	283,611	283,611	1,817,526	6,820,702	9,205,450
Total	6,029,542	283,611	1,817,526	6,820,702	14,951,381

2023					
	Within 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	2,627,101	554,597	-	-	3,181,698
Deposits	1,952,124	-	-	-	1,952,124
Long-term debt	239,521	239,520	2,362,632	2,264,878	5,106,551
Total	4,818,746	794,117	2,362,632	2,264,878	10,240,373

21. FINANCIAL INSTRUMENT – CLASSIFICATION

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

	2024		2023	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Cash	\$ 47,381,668	\$ -	\$ 44,741,462	\$ -
Accounts receivable	-	6,499,224	-	6,271,382
Long-term receivable	-	1,326,440	-	1,153,341
Investments	-	1,072,716	-	1,019,437
Accounts payable and accrued liabilities	-	(3,776,998)	-	(3,181,698)
Long-term debt	-	(9,205,450)	-	(5,106,551)

22. COMPARATIVE FIGURES

Certain prior year's figures have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2024

	Land \$	Land Improvements \$	Buildings \$	Rolling Stock \$	Equipment \$	Infrastructure Transportation \$	Infrastructure Environmental \$	Work in Progress \$	Totals \$
COST									
Balance, beginning of year	\$ 9,080,073	\$ 16,245,548	\$ 36,503,179	\$ 9,446,214	\$ 5,881,342	\$ 80,964,053	\$ 162,727,482	\$ 7,149,858	\$ 327,997,748
Add: additions during the year	867,242	1,170,590	2,345,130	1,550,209	316,663	4,899,255	3,632,630	6,047,123	20,828,841
Less: disposals during the year	27,039	255,197	563,181	564,215	191,708	1,573,808	188,346	5,964,845	9,328,339
LAWSS & LHPWSS equity adjustment	1,885	(1,179)	326,302	-	185,487	-	71,622	(152,005)	432,112
Balance, end of year	\$ 9,922,161	\$ 17,159,761	\$ 38,611,430	\$ 10,432,208	\$ 6,191,784	\$ 84,289,499	\$ 166,243,388	\$ 7,080,131	\$ 339,930,361
ACCUMULATED AMORTIZATION									
Balance, beginning of year	\$ -	\$ 10,914,800	\$ 14,168,355	\$ 4,336,155	\$ 2,828,219	\$ 32,025,718	\$ 50,340,684	\$ -	\$ 114,613,931
Add: amortization for the year	-	574,178	884,005	653,301	329,312	2,158,880	2,604,347	-	7,204,023
Less: disposals during the year	-	242,821	487,682	550,562	189,817	1,450,161	94,121	-	3,015,164
LAWSS & LHPWSS equity adjustment	-	(74)	127,438	-	32,816	-	(180,940)	-	(20,761)
Balance, end of year	\$ -	\$ 11,246,083	\$ 14,692,116	\$ 4,438,894	\$ 3,000,529	\$ 32,734,437	\$ 52,669,970	\$ -	\$ 118,782,029
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,922,161	\$ 5,913,678	\$ 23,919,314	\$ 5,993,314	\$ 3,191,254	\$ 51,555,063	\$ 113,573,418	\$ 7,080,131	\$ 221,148,332

CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2023

	Land \$	Land Improvements \$	Buildings \$	Rolling Stock \$	Equipment \$	Infrastructure Transportation \$	Infrastructure Environmental \$	Work in Progress \$	Totals \$
COST									
Balance, beginning of year	\$ 9,131,289	\$ 15,628,189	\$ 28,892,775	\$ 8,776,496	\$ 5,485,966	\$ 76,871,932	\$ 160,041,171	\$ 11,551,229	\$ 316,379,047
Add: additions during the year	-	638,744	7,796,813	1,215,601	485,655	4,326,992	2,220,097	2,801,226	19,485,128
Less: disposals during the year	60,707	22,938	473,101	545,883	189,813	234,871	41,517	7,211,105	8,779,935
LAWSS & LHPWSS equity adjustment	9,491	1,553	286,692	-	99,534	-	507,731	8,506	913,507
Balance, end of year	\$ 9,080,073	\$ 16,245,548	\$ 36,503,179	\$ 9,446,214	\$ 5,881,342	\$ 80,964,053	\$ 162,727,482	\$ 7,149,856	\$ 327,997,747
ACCUMULATED AMORTIZATION									
Balance, beginning of year	\$ -	\$ 10,403,895	\$ 13,653,824	\$ 4,209,230	\$ 2,571,188	\$ 30,167,302	\$ 47,836,728	\$ -	\$ 108,842,167
Add: amortization for the year	-	531,593	792,738	574,657	393,756	2,066,168	2,361,962	-	6,720,874
Less: disposals during the year	-	22,234	402,304	447,732	175,000	207,752	23,186	-	1,278,208
LAWSS & LHPWSS equity adjustment	-	1,546	124,097	-	38,275	-	165,180	-	329,098
Balance, end of year	\$ -	\$ 10,914,800	\$ 14,168,355	\$ 4,336,155	\$ 2,828,219	\$ 32,025,718	\$ 50,340,684	\$ -	\$ 114,613,931
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,080,073	\$ 5,330,748	\$ 22,334,824	\$ 5,110,059	\$ 3,053,123	\$ 48,938,335	\$ 112,386,798	\$ 7,149,856	\$ 213,383,816

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Cemeteries \$	Recreation and Cultural Services \$	Planning and Development \$	Water \$	Wastewater \$	Consolidated \$
Revenue										
Taxation	(84,122)	5,217,260	6,535,524	223,706	77,635	2,776,559	266,599	-	-	15,013,161
User Fees	1,002,090	1,000,952	528,164	757,927	92,877	3,650,299	486,859	6,941,060	2,752,898	17,213,126
Government grants	1,759,700	196,664	3,590,078	-	-	12,000	379,135	-	-	5,937,577
Total revenues	2,677,668	6,414,876	10,653,766	981,633	170,512	6,438,858	1,132,593	6,941,060	2,752,898	38,163,864
Expenses										
Wages and benefits	1,742,968	1,442,369	1,849,333	99,252	15,515	1,677,693	192,292	59,441	3,085	7,081,948
Goods and services	653,937	4,241,054	3,153,305	625,172	93,733	3,550,037	672,307	1,772,380	1,584,702	16,346,627
Miscellaneous	(673,200)	25,500	-	-	-	184,528	6,793	464,512	188,700	196,833
Amortization	285,598	366,239	2,672,964	15,634	132	1,259,109	-	1,752,986	851,361	7,204,023
Total expenses	2,009,303	6,075,162	7,675,601	740,058	109,380	6,671,367	871,392	4,049,319	2,627,848	30,829,432
Net surplus/(deficit)	668,365	339,714	2,978,165	241,575	61,132	(232,509)	261,201	2,891,741	125,050	7,334,432

THE CORPORATION OF THE MUNICIPALITY OF LAMBTON SHORES

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Cemeteries \$	Recreation and Cultural Services \$	Planning and Development \$	Water \$	Wastewater \$	Consolidated \$
Revenue										
Taxtion	158,779	4,824,790	6,329,662	403,856	82,334	2,600,840	202,453	-	-	14,602,714
User Fees	4,127,102	935,894	709,015	736,178	72,733	3,713,067	408,541	7,148,736	2,547,362	20,398,628
Government grants	2,487,380	296,449	3,065,904	-	-	196,379	118,943	-	-	6,165,055
Total revenues	6,773,261	6,057,133	10,104,581	1,140,034	155,067	6,510,286	729,937	7,148,736	2,547,362	41,166,397
Expenses										
Wages and benefits	1,663,274	1,373,554	1,750,808	110,695	11,485	1,545,258	169,745	51,939	4,740	6,681,498
Goods and services	1,009,809	3,919,313	4,332,986	1,006,378	87,809	3,176,768	536,383	1,514,960	1,556,042	17,140,448
Miscellaneous	(660,000)	25,000	-	-	-	199,260	6,794	468,945	187,818	227,817
Amortization	-	370,665	2,544,338	747	104	1,230,691	-	1,747,292	827,037	6,720,874
Total expenses	2,013,083	5,688,532	8,628,132	1,117,820	99,398	6,151,977	712,922	3,783,136	2,575,637	30,770,637
Net surplus/(deficit)	4,760,178	368,601	1,476,449	22,214	55,669	358,309	17,015	3,365,600	(28,275)	10,395,760