

**CORPORATION OF THE TOWNSHIP OF
NORTH KAWARTHA**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

**CORPORATION OF THE TOWNSHIP OF
NORTH KAWARTHA**

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DECEMBER 31, 2023

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Township of North Kawartha

Judy Everett, Treasurer

J.everett@nothkawartha.ca

280 Burleigh Street, PO Box 550, Apsley, ON K0L 1A0

Tel: 705-656-5178 | 1-800-755-6931 ext. 238 | Fax: 705-656-4446

www.northkawartha.ca

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of North Kawartha are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of North Kawartha. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Mayor

Treasurer

December 19, 2025

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of North Kawartha**

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of North Kawartha and its local board (the Township), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, change 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 Township as at December 31, 2023, and the results of its consolidated operations 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 Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

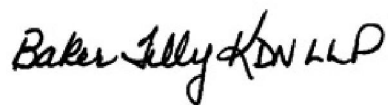
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 Township'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 Township'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 Township 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 group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario

December 19, 2025



CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	4,735,526	5,751,712
Investments (note 2)	5,203,457	3,050,639
Accounts receivable	388,644	2,601,705
Taxes receivable	638,109	568,613
TOTAL FINANCIAL ASSETS	10,965,736	11,972,669
LIABILITIES		
Accounts payable and accrued liabilities	1,232,208	2,335,755
Deferred revenue - obligatory reserve funds (note 3)	124,051	120,528
Deferred revenue - other (note 4)	295,892	317,383
Landfill closure and post-closure liability (note 17)	-	686,200
Asset retirement obligations (note 5)	662,800	-
Employee future benefits liability (note 8)	102,600	123,300
TOTAL LIABILITIES	2,417,551	3,583,166
NET FINANCIAL ASSETS	8,548,185	8,389,503
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	27,372,538	27,062,492
Prepaid expenses	124,805	136,088
TOTAL NON-FINANCIAL ASSETS	27,497,343	27,198,580
ACCUMULATED SURPLUS (note 10)	36,045,528	35,588,083

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (note 15)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Property taxation	6,374,289	6,366,698	6,169,246
User charges	984,722	938,738	1,057,797
Government of Canada	80,300	17,975	1,217,870
Province of Ontario	1,213,368	1,330,065	2,000,420
Other municipalities	54,100	99,781	44,933
Penalties and interest on taxes	104,850	112,188	103,677
Investment income	438,060	507,171	245,010
Donations	1,000	1,811	3,304
Other grants	-	200,803	-
Parkland fees earned (note 3)	-	9,714	9,076
Canada Community-Building Fund earned (note 3)	82,000	82,000	153,000
TOTAL REVENUES	9,332,689	9,666,944	11,004,333
EXPENSES			
General government	1,815,390	1,737,177	1,642,380
Protection services	2,370,767	2,273,808	2,192,656
Transportation services	2,837,630	2,446,879	2,130,222
Environmental services	635,553	625,465	594,537
Health services	36,774	32,570	36,620
Recreation and cultural services	1,751,636	1,863,668	1,760,216
Planning and development	275,166	229,932	273,403
TOTAL EXPENSES	9,722,916	9,209,499	8,630,034
ANNUAL SURPLUS/(DEFICIT)	<u>(390,227)</u>	457,445	2,374,299
ACCUMULATED SURPLUS - beginning of year		35,588,083	33,213,784
ACCUMULATED SURPLUS - end of year		36,045,528	35,588,083

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (note 15)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS/(DEFICIT)	(390,227)	457,445	2,374,299
Amortization of tangible capital assets	1,158,730	1,152,295	1,158,730
Purchase of tangible capital assets	(1,937,491)	(1,662,900)	(3,600,277)
Loss on disposal of tangible capital assets	-	168,822	65,310
Proceeds on sale of tangible capital assets	-	31,737	5,874
Change in prepaid expenses	-	11,283	(34,976)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,168,988)	158,682	(31,040)
NET FINANCIAL ASSETS - beginning of year	8,389,503	8,389,503	8,420,543
NET FINANCIAL ASSETS - end of year	7,220,515	8,548,185	8,389,503

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	457,445	2,374,299
Items not involving cash		
Amortization of tangible capital assets	1,152,295	1,158,730
Loss on disposal of tangible capital assets	168,822	65,310
Accretion expense	89,161	-
Asset retirement obligations	573,639	-
Change in employee future benefits liability	(20,700)	2,100
Change in landfill closure and post-closure liability	(686,200)	29,200
Change in non-cash assets and liabilities		
Accounts receivable	2,213,061	(2,284,024)
Taxes receivable	(69,496)	(10,633)
Prepaid expenses	11,283	(34,976)
Accounts payable and accrued liabilities	(1,103,547)	1,458,331
Deferred revenue - obligatory reserve funds	3,523	(73,867)
Deferred revenue - other	(21,491)	90,921
Net change in cash from operating activities	2,767,795	2,775,391
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,662,900)	(3,600,277)
Proceeds on disposal of tangible capital assets	31,737	5,874
Net change in cash from capital activities	(1,631,163)	(3,594,403)
INVESTING ACTIVITIES		
Purchase of investments	(5,000,000)	(3,050,000)
Disposal of investments	2,847,182	30,622
Net change in cash from investing activities	(2,152,818)	(3,019,378)
NET CHANGE IN CASH	(1,016,186)	(3,838,390)
CASH - beginning of year	5,751,712	9,590,102
CASH - end of year	4,735,526	5,751,712

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

The Township of North Kawartha is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting 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 organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- North Kawartha Public Library

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10-25 years
Buildings	20-50 years
Roads and bridges	20-100 years
Machinery and equipment	3-15 years
Vehicles	3-25 years
Computer hardware and software	1-10 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

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

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund and parkland fees are recognized in the period in which the related expenditures are recorded.

(e) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(f) Reserves and reserve funds

Certain amounts, as approved by the Board of Directors, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy 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 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(i) Use of estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(j) and related costs added to tangible capital assets - See Note 1(c)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(c)
- Employee future amounts payable depend on certain actuarial and economic assumptions
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

In addition, the Township's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

(j) Asset Retirement Obligation

An asset retirement obligation 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 yearly for accretion expense and any amounts paid. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (c).

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. INVESTMENTS

	2023	2022
	\$	\$
Guaranteed investment certificates with interest rates from 4.14% to 5.67%, maturing from January to December 2024	5,203,457	-
Guaranteed investment certificates with interest rates from 4.30% to 5.34%, maturing from March 2023 to June 2023	-	3,050,639
	5,203,457	3,050,639

3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict 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:

	2023	2022
	\$	\$
Parkland	27,788	32,819
Canada Community-Building Fund	96,263	87,709
	124,051	120,528

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	120,528	194,395
Add amounts received:		
Parkland fees	3,200	5,600
Canada Community-Building Fund	82,040	78,622
Interest	9,997	3,987
	95,237	88,209
Less transfer to operations:		
Parkland fees earned	9,714	9,076
Canada Community-Building Fund earned	82,000	153,000
	91,714	162,076
Balance - end of year	124,051	120,528

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

4. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2023	2022
	\$	\$
Cannabis Legalization	21,162	21,162
Safe Restart Agreement	21,829	34,352
Ontario Community Infrastructure Funds	115,025	122,380
COVID-19 Financial Relief	71,836	71,836
Electric car charging	50,000	50,000
RT08	4,994	3,046
Ontario Trillium Fund	-	8,041
Other	11,046	6,566
	295,892	317,383

The continuity of deferred revenue - other is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	317,383	226,462
Ontario Community Infrastructure Fund	100,000	121,335
Municipal Modernization Service Delivery	-	31,213
Other	5,080	2,966
Electric car charging	-	50,000
Ontario Trillium Fund	78,300	78,400
RT08	24,905	25,000
Interest	10,645	-
	218,930	308,914
Safe Restart Agreement	12,523	8,965
Municipal Modernization Service Delivery	-	50,411
Ontario Community Infrastructure Fund	118,000	66,000
Other	600	304
Ontario Trillium Fund	86,341	70,359
RT08	22,957	21,954
	240,421	217,993
Balance - end of year	295,892	317,383

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. ASSET RETIREMENT OBLIGATION

The Township's asset retirement obligation consists of the following:

(a) Landfill obligation

The Township owns and operates seven landfill sites. The liability for the been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.5% and an inflation rate of 3.0%.

Changes to the asset retirement obligation in the year are as follows:

	2023
Asset Retirement Obligation	\$
Opening balance	-
Adjustment on adoption of the asset retirement obligation standard	664,200
Remediation costs incurred	(90,561)
Accretion expense	89,161
Closing balance	662,800

6. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's total contributions to OMERS in 2023 were \$511,718 (2022 - \$438,242) of which \$255,859 (2022 - \$219,121) was contributed by employees.

7. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. EMPLOYEE FUTURE AMOUNTS PAYABLE

The Township provides certain employee amounts that will require funding in future periods. The liability for employee future benefits is \$102,600 (2022 - \$123,300).

The Township sponsors benefit plans to pay costs of medical and dental benefits for eligible employees after they retire and their eligible dependents. All benefits are provided upon retirement subject to 50 percent cost sharing and continue to age 65, at which time the Township ceases to contribute towards the cost of the premiums.

The actuarial valuation as at December 31, 2023 was based on a number of assumptions about future events, such as discount rate, weighted average health care trend rates, and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which was 9 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Actuarial assumptions

Discount rate	4.30%
Dental trend rate - initial	6.15%
- ultimate	4.50%
- year ultimate reached	2044
Extended health care trend rate - initial	8.32%
- ultimate	4.50%
- year ultimate reached	2044

The continuity of employee future benefits payable is as follows:

	2023 \$	2022 \$
Accrued benefit obligation at January 1	119,300	114,200
Unamortized actuarial gains	4,000	7,000
Employee future benefits payable at January 1	123,300	121,200
Current year benefit cost	18,400	11,500
Interest on post-employment benefit liability	2,600	2,500
Amortized actuarial gain	(4,600)	(3,000)
Less: benefit payments	(3,900)	(8,900)
Less: plan amendments	(33,200)	-
Employee future benefits payable at December 31	102,600	123,300

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

9. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2023	2022
	\$	\$
General		
Land	1,723,706	1,723,706
Land improvements	195,027	216,682
Buildings	11,774,176	11,831,810
Vehicles	2,178,791	2,025,111
Machinery and equipment	881,979	613,175
Computer hardware and software	6,725	7,263
Infrastructure		
Roads and bridges	10,478,621	7,825,238
	27,239,025	24,242,985
Assets under construction	133,513	2,819,507
	27,372,538	27,062,492

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2022 - \$Nil), no interest capitalized (2022 - \$Nil) and no contributed assets (2022 - \$Nil).

	2023	2022
	\$	\$
General government	1,284,642	1,322,154
Protection services	1,840,823	1,606,551
Transportation services	13,158,781	12,792,555
Environmental services	516,844	497,067
Health services	133,513	125,569
Recreation and cultural services	10,437,935	10,718,596
	27,372,538	27,062,492

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2023 \$	2022 \$
Surplus/(Deficit)		
Employee future benefits liability	(102,600)	(123,300)
Unfunded landfill closure and post-closure costs	-	(686,200)
	(102,600)	(809,500)
Invested In Capital Assets		
Tangible capital assets - net book value	27,372,538	27,062,492
Unfunded asset retirement obligation	(662,800)	-
	26,709,738	27,062,492
Surplus	26,607,138	26,252,992
Reserves		
Working funds	1,577,132	1,577,131
General	3,061,531	3,217,238
Future capital	4,701,417	4,455,737
Libraries	95,675	82,350
Building	2,635	2,635
Total Reserves	9,438,390	9,335,091
	36,045,528	35,588,083

11. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2023, requisitions were made by the County of Peterborough and School Boards requiring the Township 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 \$
Amounts requisitioned and remitted	2,762,430	6,588,784

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

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. CONTINGENT LIABILITIES

The Township, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

13. TRUST FUNDS

Trust funds administered by the Township amounting to \$1,330 (2022 - \$710) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. 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 operations.

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 2023 \$ (note 15)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	4,031,058	3,849,697	3,419,152
Materials	3,054,991	2,530,155	2,492,232
Contracted services	1,389,007	1,319,898	1,390,941
Rents and financial	8,350	77,422	10,508
External transfers	93,780	111,210	93,161
Amortization	1,158,730	1,152,295	1,158,730
Loss (gain) on disposal of tangible capital assets	(13,000)	168,822	65,310
	9,722,916	9,209,499	8,630,034

15. BUDGET FIGURES

The budget, approved by the Township differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the annual surplus/(deficit):

	2023 \$
Council approved budgeted surplus	-
Tangible capital asset additions	1,937,491
Amortization of tangible capital assets	(1,158,730)
Transfers to/(from) reserves	(1,168,988)
Annual surplus/(deficit) reported on the Consolidated Statement of Operations	(390,227)

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

16. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. These changes did not impact the prior year annual surplus.

17. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Township's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2023:

Landfill Obligation

- A decrease of \$686,200 to landfill closure and post-closure liability to remove the liability recognized to December 31, 2022 under the old standard, and an increase of \$644,200 to opening asset retirement obligation liability.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. FINANCIAL INSTRUMENTS

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to the organization is low and is not material.

In the opinion of management, the Township is not exposed to any significant liquidity, market or currency risk.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

19. SEGMENTED INFORMATION

The Township of North Kawartha is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

This function is responsible for providing waste collection and disposal services to ratepayers.

Health Services

The health services function consists of the activities of the medical centre.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	General						Infrastructure		
	Land \$	Land Improvements \$	Buildings \$	Vehicles \$	Machinery and Equipment \$	Computer Hardware and Software \$	Roads and Bridges \$	Assets Under Construction \$	Totals \$
COST									
Balance, beginning of year	1,723,706	473,548	18,337,787	4,888,841	1,876,456	153,480	15,343,746	2,819,507	45,617,071
Add: additions during the year	-	-	-	371,626	327,745	-	562,156	401,373	1,662,900
Less: disposals during the year	-	-	-	220,000	11,944	-	624,170	-	856,114
Transfers	-	-	379,874	-	31,716	-	2,675,777	(3,087,367)	-
Balance, end of year	1,723,706	473,548	18,717,661	5,040,467	2,223,973	153,480	17,957,509	133,513	46,423,857
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	256,866	6,505,977	2,863,730	1,263,281	146,217	7,518,508	-	18,554,579
Add: additions during the year	-	21,655	437,508	217,946	90,657	538	383,991	-	1,152,295
Less: disposals during the year	-	-	-	220,000	11,944	-	423,611	-	655,555
Balance, end of year	-	278,521	6,943,485	2,861,676	1,341,994	146,755	7,478,888	-	19,051,319
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,723,706	195,027	11,774,176	2,178,791	881,979	6,725	10,478,621	133,513	27,372,538

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,408,749	673,846	2,064,580	595,253	3,454	1,483,150	137,666	6,366,698
User charges	99,778	387,317	10,397	44,214	29,768	297,551	69,713	938,738
Government transfers - operating	1,059,654	7,920	-	22,957	-	126,610	-	1,217,141
Government transfers - capital	-	-	118,000	-	12,899	-	-	130,899
Other municipalities	-	21,505	78,276	-	-	-	-	99,781
Penalties and interest on taxes	112,188	-	-	-	-	-	-	112,188
Investment income	501,984	-	-	-	-	5,187	-	507,171
Donations	-	-	-	-	-	1,811	-	1,811
Other grants	-	-	200,803	-	-	-	-	200,803
Parkland fees earned	9,714	-	-	-	-	-	-	9,714
Canada Community-Building Fund earned	-	-	82,000	-	-	-	-	82,000
Total revenues	3,192,067	1,090,588	2,554,056	662,424	46,121	1,914,309	207,379	9,666,944
Expenses								
Salaries and benefits	1,151,241	856,401	732,873	160,804	-	814,456	133,922	3,849,697
Materials	504,475	314,141	922,674	17,531	19,345	655,979	96,010	2,530,155
Contracted services	1,493	907,344	34,528	363,308	13,225	-	-	1,319,898
Rents and financial	8,003	-	-	68,463	-	956	-	77,422
External transfers	24,060	87,150	-	-	-	-	-	111,210
Amortization	47,905	140,509	556,245	15,359	-	392,277	-	1,152,295
Loss (gain) on disposal of tangible capital assets	-	(31,737)	200,559	-	-	-	-	168,822
Total expenses	1,737,177	2,273,808	2,446,879	625,465	32,570	1,863,668	229,932	9,209,499
Net surplus/(deficit)	1,454,890	(1,183,220)	107,177	36,959	13,551	50,641	(22,553)	457,445

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,231,601	268,414	2,876,311	516,106	-	1,164,174	112,640	6,169,246
User charges	222,376	436,157	4,112	45,372	32,399	189,877	127,504	1,057,797
Government transfers - operating	1,075,983	29,291	2,100	1,147	22,615	152,408	-	1,283,544
Government transfers - capital	-	-	1,934,746	-	-	-	-	1,934,746
Other municipalities	-	21,444	23,489	-	-	-	-	44,933
Penalties and interest on taxes	103,677	-	-	-	-	-	-	103,677
Investment income	244,157	-	-	-	-	853	-	245,010
Donations	-	-	-	-	-	3,304	-	3,304
Parkland fees earned	9,076	-	-	-	-	-	-	9,076
Canada Community-Building Fund earned	-	-	153,000	-	-	-	-	153,000
Total revenues	2,886,870	755,306	4,993,758	562,625	55,014	1,510,616	240,144	11,004,333
Expenses								
Salaries and benefits	1,032,979	687,855	692,818	154,507	-	767,120	83,873	3,419,152
Materials	549,823	338,022	741,537	11,800	23,590	637,930	189,530	2,492,232
Contracted services	1,188	934,572	31,784	410,367	13,030	-	-	1,390,941
Rents and financial	8,486	-	-	1,037	-	985	-	10,508
External transfers	8,000	85,161	-	-	-	-	-	93,161
Amortization	41,904	147,046	598,773	16,826	-	354,181	-	1,158,730
Loss (gain) on disposal of tangible capital assets	-	-	65,310	-	-	-	-	65,310
Total expenses	1,642,380	2,192,656	2,130,222	594,537	36,620	1,760,216	273,403	8,630,034
Net surplus/(deficit)	1,244,490	(1,437,350)	2,863,536	(31,912)	18,394	(249,600)	(33,259)	2,374,299

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Township of North
Kawartha**

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of the Township of North Kawartha (the Trust Fund), which comprise the statement of financial position as at December 31, 2023, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2023, and the continuity of the Trust Fund 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 report. We are independent of the Trust Fund 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 Trust Fund'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 Trust Fund or to cease operations, or has no realistic alternative but to do so.

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

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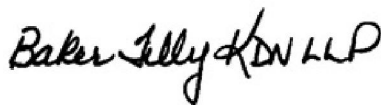
Auditor's Responsibilities for the Audit of the Financial Statements

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 these 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 Trust Fund'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 Trust Fund'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 Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 19, 2025

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	1,330	710
FUND BALANCE	1,330	710

TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	2023	2022
	\$	\$
BALANCE - beginning of year	710	718
RECEIPTS		
Interest	40	12
Marker fees	600	-
	640	12
EXPENSES		
Administration costs	20	20
BALANCE - end of year	1,330	710

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

TRUST FUND NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

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

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions 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 and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery care and maintenance funds represent the trust fund activities for the cemeteries in the Township.

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

**CORPORATION OF THE TOWNSHIP OF NORTH
KAWARTHA**

NORTH KAWARTHA PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2023

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Members of the North Kawartha Public Library, the
Members of Council, Inhabitants and Ratepayers of the
Township of North Kawartha**

**T: (705) 742-3418
F: (705) 742-9775**

www.bakertilly.ca

Qualified Opinion

We have audited the financial statements of the North Kawartha Public Library of the Corporation of the Township of North Kawartha (the Board), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user charges, donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to user charges, donations and fundraising revenue, annual deficit and cash flows from operations for the years ended December 31, 2023 and 2022, and assets and accumulated surplus as at December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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

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

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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 these 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 Board'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 Board'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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 19, 2025

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	207,940	168,421
Investments (note 6)	70,639	50,639
Accounts receivable	2,870	15,303
TOTAL FINANCIAL ASSETS	281,449	234,363
LIABILITIES		
Accounts payable	875	875
Deferred revenue	5,080	600
Due to Township of North Kawartha (note 4)	184,958	152,135
TOTAL LIABILITIES	190,913	153,610
NET FINANCIAL ASSETS	90,536	80,753
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	79,476	95,500
Prepaid expenses	5,139	1,597
TOTAL NON-FINANCIAL ASSETS	84,615	97,097
ACCUMULATED SURPLUS (note 3)	175,151	177,850

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (note 5)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Province of Ontario	17,300	17,300	17,300
Municipal funding			
Township contribution	287,082	287,082	268,521
Allocated costs (note 4)	-	14,794	18,807
Donations and fundraising	18,500	19,901	20,246
User charges	3,150	5,432	3,403
Interest	1,060	5,187	853
Other grants	300	3,316	2,980
TOTAL REVENUES	327,392	353,012	332,110
EXPENSES			
Wages and benefits	227,592	221,860	211,620
Building maintenance and furnishings	31,810	33,621	27,706
Administration and programming	50,140	51,427	58,760
Amortization	29,322	31,160	29,322
Electronic media	2,750	2,849	2,205
Allocated costs (note 4)	-	14,794	18,807
TOTAL EXPENSES	341,614	355,711	348,420
ANNUAL DEFICIT	<u>(14,222)</u>	(2,699)	(16,310)
ACCUMULATED SURPLUS - beginning of year		177,850	194,160
ACCUMULATED SURPLUS - end of year		175,151	177,850

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2023

	Budget 2023 \$ (note 5)	Actual 2023 \$	Actual 2022 \$
ANNUAL DEFICIT	(14,222)	(2,699)	(16,310)
Amortization of tangible capital assets	29,322	31,160	29,322
Acquisition of tangible capital assets	(14,500)	(15,136)	(76,711)
Change in prepaid expenses	-	(3,542)	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	600	9,783	(63,699)
NET FINANCIAL ASSETS - beginning of year	80,753	80,753	144,452
NET FINANCIAL ASSETS - end of year	81,353	90,536	80,753

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(2,699)	(16,310)
Items not involving cash		
Amortization of tangible capital assets	31,160	29,322
Change in non-cash assets and liabilities		
Accounts receivable	12,433	(12,233)
Prepaid expenses	(3,542)	-
Accounts payable	-	359
Deferred revenue	4,480	(285)
Due to Township	32,823	91,946
Net change in cash from operating activities	74,655	92,799
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(15,136)	(76,711)
INVESTING ACTIVITIES		
Purchase of investments	(142,819)	(50,845)
Proceeds of investments	122,819	31,467
Net change in cash from investing activities	(20,000)	(19,378)
NET CHANGE IN CASH	39,519	(3,290)
CASH - beginning of year	168,421	171,711
CASH - end of year	207,940	168,421

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of revenue and expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

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

User charges are recognized as revenue in the year the goods and services are provided.

Donations and fundraising are recognized when received or when receivable if collection is reasonably assured.

(b) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(d)

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Amortized Cost
Accounts receivable	Amortized Cost
Accounts payable	Amortized Cost
Due to Township of North Kawartha	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy 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 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Leasehold improvements	25 years
Furniture and fixtures	5-20 years
Computers	5 years
Books	5 years

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

(e) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Non-financial assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(g) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(h) Inter-Entity Transactions

The North Kawartha Public Library is a Board of the Township of North Kawartha and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	Furniture and fixtures \$	Leasehold improvements \$	Books \$	Computers \$	2023 Totals \$	2022 Totals \$
COST						
Balance, beginning of year	64,026	11,159	85,484	17,370	178,039	113,181
Add: additions during the year	-	-	15,136	-	15,136	76,711
Less: disposals during the year	-	-	11,944	-	11,944	11,853
Balance, end of year	64,026	11,159	88,676	17,370	181,231	178,039
ACCUMULATED AMORTIZATION						
Balance, beginning of year	12,805	3,347	49,017	17,370	82,539	65,070
Add: additions during the year	12,805	446	17,909	-	31,160	29,322
Less: disposals during the year	-	-	11,944	-	11,944	11,853
Balance, end of year	25,610	3,793	54,982	17,370	101,755	82,539
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	38,416	7,366	33,694	-	79,476	95,500

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Invested In Capital Assets		
Tangible capital assets - net book value	79,476	95,500
Surplus	79,476	95,500
Reserves		
Working fund	83,540	69,015
Library automation project	12,135	13,335
Total Reserves	95,675	82,350
	175,151	177,850

4. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of North Kawartha.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2023 \$	2022 \$
Allocated costs:		
Committees	2,146	1,891
Occupancy	10,979	15,247
Professional fees	1,669	1,669
	14,794	18,807

In addition, the Township provides accounting and administrative services to the Board at no cost.

All balances with the Township of North Kawartha have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

5. BUDGET FIGURES

The budget, approved by the Board differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

6. INVESTMENTS

Investments consist of:

	2023 \$	2022 \$
GIC with an interest rate of 4.55% maturing on December 19, 2024	50,081	-
GIC with an interest rate of 4.66% maturing on July 15, 2024	20,558	-
GIC with an interest rate of 4.3% maturing on March 18, 2023	-	50,639
	70,639	50,639

7. FINANCIAL INSTRUMENTS

The Board is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management, the Board is not exposed to any significant liquidity, market or currency risks.

CORPORATION OF THE TOWNSHIP OF NORTH KAWARTHA

NORTH KAWARTHA PUBLIC LIBRARY NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

8. CHANGE IN ACCOUNTING POLICY

The Board has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Board's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The adoption of this standard did not have an impact on the Board's financial statements.