

**Corporation of the
Municipality of East Ferris**

**Independent Auditor's Report and
Financial Report**

December 31, 2024

**Corporation of the
Municipality of East Ferris**

Financial Report

December 31, 2024

Management Report

Independent Auditor's Report

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of East Ferris (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chief Administrative Officer/Treasurer
July 8, 2025

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of East Ferris

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of East Ferris, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, cash flows, and change in net debt 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 Corporation of the Municipality of East Ferris as at December 31, 2024, and its consolidated results of 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 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.

Independent Auditor's Report (continued)

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

North Bay, Ontario
July 8, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Corporation of the Municipality of East Ferris
Consolidated Statement of Financial Position
December 31, 2024

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents (note 4)	\$ 211,706	\$ 786,213
Taxes receivable	237,332	316,078
Accounts receivable (note 5)	<u>1,989,298</u>	<u>574,818</u>
	<u>2,438,336</u>	<u>1,677,109</u>
Liabilities		
Temporary borrowing (note 4)	600,000	-
Accounts payable and accrued liabilities (note 6)	981,992	743,332
Deferred revenues - other (note 7)	-	295,008
Deferred revenues - obligatory reserve fund (note 8)	320,492	43,409
Municipal debt (note 9)	6,864,846	7,173,450
Employee future benefits payable (note 10)	340,980	367,499
Asset retirement obligations (note 11)	<u>1,433,278</u>	<u>1,412,793</u>
	<u>10,541,588</u>	<u>10,035,491</u>
Net Debt	<u>(8,103,252)</u>	<u>(8,358,382)</u>
Non-Financial Assets		
Tangible capital assets (note 12)	33,047,597	32,001,243
Prepaid expenses	228,806	211,187
Inventories	<u>90,167</u>	<u>83,758</u>
	<u>33,366,570</u>	<u>32,296,188</u>
Accumulated Surplus (note 13)	<u>\$ 25,263,318</u>	<u>\$ 23,937,806</u>
Contingencies (note 14)		
Commitments (note 15)		

Approved by:

The accompanying notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of East Ferris
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2024

	2024		2023
	Budget	Actual	Actual
	(Unaudited)		
Revenues			
Net taxation	\$ 7,003,722	\$ 7,018,547	\$ 6,733,898
User charges	882,306	958,197	954,442
Government grants and transfers - Provincial	970,347	1,010,508	1,002,094
Other	429,240	415,104	1,122,899
Total revenues	9,285,615	9,402,356	9,813,333
Expenses			
General government	2,093,085	2,042,317	2,046,330
Protection services	1,567,374	1,510,523	1,505,794
Transportation services	2,444,267	2,468,445	2,499,377
Environmental services	302,254	289,822	277,425
Health services	189,823	189,823	184,356
Social and family services	1,720,168	1,720,167	1,654,536
Recreation and cultural services	1,580,028	1,566,747	1,429,549
Planning and development	276,736	255,391	231,501
Total expenses	10,173,735	10,043,235	9,828,868
Annual deficit before other	(888,120)	(640,879)	(15,535)
Other			
Government grants and transfers related to capital - Provincial	1,495,245	937,672	331,004
Government grants and transfers related to capital - Federal	1,174,511	1,028,719	556,273
	2,669,756	1,966,391	887,277
Annual surplus	1,781,636	1,325,512	871,742
Accumulated surplus, beginning of year	23,937,806	23,937,806	23,066,064
Accumulated surplus, end of year	\$ 25,719,442	\$ 25,263,318	\$ 23,937,806

The accompanying notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of East Ferris
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Operating transactions		
Annual surplus	\$ 1,325,512	\$ 871,742
Cash and cash equivalents provided by (applied to)		
Non-cash items:		
(Decrease) increase in employee future benefits payable	(26,519)	56,378
Accretion expense	20,485	19,781
Amortization of tangible capital assets	1,491,035	1,341,383
Gain on disposal of tangible capital assets	(10,998)	(44,614)
Change in non-cash working capital balances		
Decrease in taxes receivable	78,746	150,514
(Increase) decrease in accounts receivable	(1,414,480)	1,642,037
Increase (decrease) in accounts payable and accrued liabilities	238,660	(2,517,925)
(Decrease) increase in deferred revenues - other	(295,008)	293,093
Increase (decrease) in deferred revenues - obligatory reserve fund	277,083	(95,883)
Increase in prepaid expenses	(17,619)	(24,670)
Increase in inventories	(6,409)	(3,669)
Cash and cash equivalents provided by operating transactions	<u>1,660,488</u>	<u>1,688,167</u>
Capital transactions		
Acquisition of tangible capital assets	(2,537,391)	(3,411,125)
Proceeds on disposal of tangible capital assets	11,000	150,265
Cash and cash equivalents applied to capital transactions	<u>(2,526,391)</u>	<u>(3,260,860)</u>
Financing transactions		
Temporary borrowings issued	600,000	-
Municipal debt issued	-	1,420,000
Municipal debt repaid	(308,604)	(280,050)
Cash and cash equivalents provided by financing transactions	<u>291,396</u>	<u>1,139,950</u>
Decrease in cash and cash equivalents	(574,507)	(432,743)
Cash and cash equivalents, beginning of year	<u>786,213</u>	<u>1,218,956</u>
Cash and cash equivalents, end of year	<u><u>\$ 211,706</u></u>	<u><u>\$ 786,213</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of East Ferris
Consolidated Statement of Change in Net Debt
For The Year Ended December 31, 2024

	<u>2024</u> Budget (Unaudited)	<u>2024</u> Actual	<u>2023</u> Actual
Annual surplus	\$ 1,781,636	\$ 1,325,512	\$ 871,742
Amortization of tangible capital assets	1,491,035	1,491,035	1,341,383
Proceeds on disposal of tangible capital assets	-	11,000	150,265
Gain on disposal of tangible capital assets	-	(10,998)	(44,614)
Acquisition of tangible capital assets	(3,630,329)	(2,537,391)	(3,411,125)
Change in prepaid expenses	-	(17,619)	(24,670)
Change in inventories	-	(6,409)	(3,669)
Decrease (increase) in net debt	(357,658)	255,130	(1,120,688)
Net debt, beginning of year	<u>(8,358,382)</u>	<u>(8,358,382)</u>	<u>(7,237,694)</u>
Net debt, end of year	<u><u>\$ (8,716,040)</u></u>	<u><u>\$ (8,103,252)</u></u>	<u><u>\$ (8,358,382)</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies

These consolidated financial statements of the Municipality are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

- (i) These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Municipality and include the activities of all committees of Council and of the Bibliothèque East Ferris Public Library.

All interfund assets and liabilities and revenues and expenses have been eliminated.

(ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

North Bay Parry Sound District Health Unit
District of Nipissing Social Services Administration Board
East Nipissing District Home for the Aged

(iii) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

(b) Basis of Accounting

(i) Accrual Basis

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

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ii) Cash and Cash Equivalents

The Municipality's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Deferred Revenues - Obligatory Reserve Fund

The Municipality receives certain government grants, transfers and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenues. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(v) Employee Future Benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred. The costs of other retirement benefits are determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and health benefits costs. The liabilities are discounted using current interest rates on long-term bonds.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Municipality to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations and accumulated surplus.

(vii) Segmented Information

The Municipality reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Municipality:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information (Continued)

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control and streetlights.

Environmental Services

Environmental services include waste and recycling services.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, paramedic services, social housing and child care services.

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Municipality's economic development programs.

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 expenses in proportion to total municipal expenses.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the Consolidated Change in Net Debt for the year.

i) *Tangible Capital Assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset and legally or contractually required retirement activities. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 to 30 years and landfill capacity
Roads and bridges	10 to 60 years
Buildings	25 to 75 years
Machinery and equipment	5 to 25 years
Vehicles	10 to 25 years
Computer hardware and software	4 to 10 years

No amortization is recorded in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

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

ii) *Inventories*

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

iii) *Prepaid Expenses*

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ix) Taxation and Other Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

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.

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

User charges are recognized in the period in which the revenue relates.

(x) Government Grants and Transfers

Government grants and transfers are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(xi) Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

(xii) Financial Instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash and cash equivalents, taxes receivable, accounts receivable, temporary borrowing, accounts payable and accrued liabilities and municipal debt. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

2. Measurement Uncertainty

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- The amounts recorded for asset retirement obligations are based on the estimated amount required to ultimately remediate the liability and depend on estimates of usage, remaining life, inflation rates and discount rates.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.
- The amounts recorded for retirement allowances are based on estimates of retirement ages of employees and health benefit costs.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

3. Change in Accounting Policies

On January 1, 2024, the Municipality adopted the following standards on a prospective basis: PS 3400 *Revenue*, PSG-8 *Purchased Intangibles* and PS 3160 *Public Private Partnerships (P3s)*. The adoption of these standards had no impact on the opening balances.

Section PS 3400 - *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

Guideline PSG-8 - *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

Section PS 3160 - *Public Private Partnerships (P3s)* provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

4. Cash and Cash Equivalents / Temporary Borrowing

The Municipality has authorized credit facilities totaling \$1,800,000, which is unsecured. As at December 31, 2024, the Municipality has utilized \$600,000 (2023 - \$0). The interest is calculated at the bank's prime lending rate.

5. Accounts Receivable

	<u>2024</u>	<u>2023</u>
Federal government	\$ 1,248,298	\$ 271,673
Province of Ontario	498,697	120,353
Other Municipalities	25,402	2,786
Other	<u>216,901</u>	<u>180,006</u>
	<u>\$ 1,989,298</u>	<u>\$ 574,818</u>

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

6. Accounts Payable and Accrued Liabilities

	<u>2024</u>	<u>2023</u>
Federal government	\$ 47,094	\$ 41,550
Province of Ontario	68,743	60,661
Other Municipalities	356,443	-
Trade payables	348,122	522,975
Accrued liabilities	<u>161,590</u>	<u>118,146</u>
	<u><u>\$ 981,992</u></u>	<u><u>\$ 743,332</u></u>

7. Deferred Revenues - Other

	Balance as at December 31, 2023	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2024
Ontario Trillium Foundation	\$ 166,600	\$ 22,900	\$ 189,500	\$ -
Northern Ontario Resource Development Support	128,408	122,462	250,870	-
Ontario Community Infrastructure Fund	<u>-</u>	<u>102,106</u>	<u>102,106</u>	<u>-</u>
Total Deferred Revenues - Other	<u><u>\$ 295,008</u></u>	<u><u>\$ 247,468</u></u>	<u><u>\$ 542,476</u></u>	<u><u>\$ -</u></u>

8. Deferred Revenues - Obligatory Reserve Fund

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 balance in the obligatory reserve funds of the Municipality are summarized below:

	Balance as at December 31, 2023	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2024
Canada Community - Building Fund	\$ 43,409	\$ 320,000	\$ 42,917	\$ 320,492
Total Deferred Revenues - Obligatory Reserve Fund	<u><u>\$ 43,409</u></u>	<u><u>\$ 320,000</u></u>	<u><u>\$ 42,917</u></u>	<u><u>\$ 320,492</u></u>

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

9. Municipal Debt

	<u>2024</u>	<u>2023</u>
Term loan, repayable in monthly instalments of \$2,840, including interest at the fixed rate of 3.40%, maturing December 1, 2026	\$ 335,468	\$ 357,637
Debenture loan, repayable in semi-annual instalments of \$34,781, including interest at the fixed rate of 2.57%, maturing December 20, 2026	134,769	199,615
Debenture loan, repayable in semi-annual instalments of \$35,864, including interest at the fixed rate of 2.86%, maturing August 15, 2027	204,810	269,293
Debenture loan, repayable in semi-annual instalments of \$12,055, including interest at the fixed rate of 3.33%, maturing December 20, 2036	236,899	252,724
Debenture loan, repayable in monthly instalments of \$27,090, including interest at the fixed rate of 4.65%, maturing November 15, 2047	4,577,573	4,687,023
Debenture loan, repayable in monthly instalments of \$7,933, including interest at the fixed rate of 4.55%, maturing July 17, 2048	<u>1,375,327</u>	<u>1,407,158</u>
	<u>\$ 6,864,846</u>	<u>\$ 7,173,450</u>
Principal instalments required to be paid over the next five years are as follows:		
2025	\$ 320,213	
2026	332,184	
2027	274,620	
2028	213,511	
2029	223,032	
Thereafter	<u>5,501,286</u>	
Total	<u>\$ 6,864,846</u>	

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

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10. Employee Future Benefits Payable

The Municipality provides certain employee benefits which will require funding in future periods, as follows:

	<u>2024</u>	<u>2023</u>
Vacation pay	\$ 172,807	\$ 187,305
Retirement allowance	<u>168,173</u>	<u>180,194</u>
	<u>\$ 340,980</u>	<u>\$ 367,499</u>

The vacation pay liability is accrued using the actual rate of pay at year end and the retirement allowance is accrued using a discount rate of 3.56% (2023 - 3.56%).

11. Asset Retirement Obligations

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,412,793	\$ 1,393,012
Accretion expense	<u>20,485</u>	<u>19,781</u>
Balance, end of year	<u>\$ 1,433,278</u>	<u>\$ 1,412,793</u>

The asset retirement obligation is as follows:

	<u>2024</u>	<u>2023</u>
Landfill	\$ 595,907	\$ 575,422
Asbestos removal	489,005	489,005
Fuel tanks	17,507	17,507
Septic systems	244,466	244,466
Drinking water wells and monitoring wells	<u>86,393</u>	<u>86,393</u>
	<u>\$ 1,433,278</u>	<u>\$ 1,412,793</u>

Landfill

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

11. Asset Retirement Obligations (Continued)

The reported liability is based on estimates and assumptions with respect to events extending over the estimated remaining useful life using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The most recent waste capacity study for the landfill site was performed in a report dated February 2014.

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2024					
East Ferris	66% (230,000 m ³)	59 years	25 years	2.02%	3.56%
2023					
East Ferris	67% (234,000 m ³)	60 years	25 years	2.02%	3.56%

Asbestos removal

The Municipality owns buildings which contain asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

Fuel tanks, septic systems, drinking water wells and monitoring wells

The Municipality owns fuel tanks, septic systems, drinking water wells and monitoring wells which represents an environmental hazard upon removal and decommissioning and there are legal obligations regarding how they must be removed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

Corporation of the Municipality of East Ferris
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12. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	
	Balance, beginning of year	Additions	Transfers / Disposals	Balance, end of year	Balance, beginning of year	Amortization	Transfers / Disposals	Balance, end of year	December 31, 2024	December 31 2023
Land	\$ 1,213,417	\$ -	\$ (2)	\$ 1,213,415	\$ -	\$ -	\$ -	\$ -	\$ 1,213,415	\$ 1,213,417
Land improvements	1,902,562	140,798	368,524	2,411,884	574,912	78,695	145,367	798,974	1,612,910	1,327,650
Roads and bridges	18,063,802	215,066	-	18,278,868	11,845,573	684,020	-	12,529,593	5,749,275	6,218,229
Buildings	24,171,400	126,768	(333,319)	23,964,849	3,778,618	442,904	(159,371)	4,062,151	19,902,698	20,392,782
Machinery and equipment	1,852,071	109,172	3,459	1,964,702	726,525	106,738	(43)	833,220	1,131,482	1,125,546
Vehicles	2,144,231	-	-	2,144,231	614,493	159,286	-	773,779	1,370,452	1,529,738
Computer hardware and software	172,268	18,518	-	190,786	78,743	19,392	-	98,135	92,651	93,525
Work in progress	100,356	1,927,069	(52,711)	1,974,714	-	-	-	-	1,974,714	100,356
	<u>\$ 49,620,107</u>	<u>\$ 2,537,391</u>	<u>\$ (14,049)</u>	<u>\$ 52,143,449</u>	<u>\$ 17,618,864</u>	<u>\$ 1,491,035</u>	<u>\$ (14,047)</u>	<u>\$ 19,095,852</u>	<u>\$ 33,047,597</u>	<u>\$ 32,001,243</u>

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

13. Accumulated Surplus

	<u>2024</u>	<u>2023</u>
Surplus		
Invested in tangible capital assets	\$ 33,047,597	\$ 32,001,243
General deficit (see note (a) below)	(548,644)	(568,753)
Bibliothèque East Ferris Public Library	47,954	48,137
Unfunded Liabilities		
Municipal debt	(6,864,846)	(7,173,450)
Asset retirement obligations	(1,433,278)	(1,412,793)
Employee future benefits payable	(340,980)	(367,499)
Total surplus	<u>23,907,803</u>	<u>22,526,885</u>
Reserves		
Special purpose reserves		
Operating budget contingency	60,000	60,000
Vacation pay	121,744	121,744
Tax stabilization	154,039	154,039
Retirement allowances	223,332	223,332
Operating stabilization	280,000	280,000
Sustainable capital stabilization	503,437	508,843
Active transportation	-	50,000
Parkland dedication	12,963	12,963
Total reserves	<u>1,355,515</u>	<u>1,410,921</u>
Accumulated Surplus	<u>\$ 25,263,318</u>	<u>\$ 23,937,806</u>

(a) General Deficit:

The general deficit of \$(548,644) (2023 - \$(568,753)) at the end of the year is comprised of the following:

	<u>2024</u>	<u>2023</u>
Opening balance	\$ (568,753)	\$ (767,373)
Annual surplus	1,325,512	871,742
Transfer from reserves	55,406	86,986
Net change in tangible capital assets	(1,046,354)	(1,964,091)
Increase in unfunded liabilities	(314,638)	1,216,109
Bibliothèque East Ferris Public Library surplus	<u>183</u>	<u>(12,126)</u>
Closing balance	<u>\$ (548,644)</u>	<u>\$ (568,753)</u>

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

14. Contingencies

Legal Matters

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Municipality's consolidated financial position.

Contaminated Sites

The Municipality has identified a potential liability for a contaminated site known as the St. Theresa School Site. It is not possible at this time to determine the amount, if any, of any liability or remediation costs that may be required. The loss, if any, from this contingency will be accounted for in the period in which the liability can be reasonably estimated.

15. Commitments

During 2004, the Municipality passed a resolution committing to pay \$75,000 per year for 10 years for the North Bay Regional Health Centre Hospital capital project. A formal agreement has been executed and payments commenced in May 2008. In May 2011, this resolution was revised and the remaining payments of \$525,000 will be paid over the next 10 years. In April 2015, this resolution was revised and the remaining payments of \$315,000 will be paid over the next 8 years. In May 2018, this resolution was revised and the remaining payments of \$236,250 will be paid over the next 10 years. The remaining balance of the commitment as at December 31, 2024 is \$56,000 (2023 - \$84,000).

16. Contributions to Unconsolidated Joint Local Boards

Further to note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	<u>2024</u>	<u>2023</u>
Current Transfers:		
District of Nipissing Social Services Administration Board	\$ 1,461,310	\$ 1,396,859
East Nipissing District Home for the Aged	258,857	257,677
North Bay Parry Sound District Health Unit	<u>161,823</u>	<u>157,106</u>
	<u>1,881,990</u>	<u>1,811,642</u>

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

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17. Operations of School Boards

Further to note 1(a)(iii), the taxation, other revenues, and expenses of the school boards are comprised of the following:

	<u>2024</u>	<u>2023</u>
Taxation and user charges	<u>\$ 1,249,145</u>	<u>\$ 1,211,913</u>
Total amounts received or receivable	1,249,145	1,211,913
Requisitions	<u>1,249,145</u>	<u>1,211,913</u>
	<u>\$ -</u>	<u>\$ -</u>

18. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing 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 approximately 640,000 active and retired members and approximately 1,000 employers.

Each year an 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. On December 31, 2024, the estimated accrued pension obligation for all members of the Plan was \$140,766 million (2023 - \$134,574 million). The Plan had an actuarial value of net assets at that date of \$137,853 million (2023 - \$130,372 million) indicating an actuarial deficit of \$2,913 million (2023 - \$4,202 million). The Plan 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.

The amount contributed by the Municipality to OMERS for 2024 was \$204,798 (2023 - \$193,716) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2024 the yearly maximum pension earnings increased to \$68,500 from \$66,600 in 2023. The contributions are calculated at a rate of 9.0% (2023 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2023 - 14.6%) for amounts above the yearly maximum pension earnings.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

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19. Guarantor

In March 2022, the Municipality passed a by-law authorizing the signing of a Guarantee and Postponement of Claims Agreement with Ontario Infrastructure and Lands Corporation for the redevelopment of Cassellholme (East Nipissing District Home for the Aged). Under the agreement, the total construction cost of \$57,695,599 will be financed by the creditor, Ontario Infrastructure and Lands Corporation. Should the debtor, The Board of Management for the District of Nipissing East fail to make payments on the debt, then the nine participating municipal guarantors will each be responsible for repayment of the debt up to their maximum guaranteed proportions per the Postponement of Claims Agreement. The Municipality's guaranteed proportion of this debt is \$4,298,322 (7.45%).

20. Financial Instruments

Risks arising from financial instruments and risk management

The Municipality is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

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

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Municipality's financial assets consisting of cash and cash equivalents, accounts receivable and taxes receivable are subject to credit risk. The Municipality is exposed to credit risk to the extent that accounts receivable and taxes receivable are not collected in a timely manner. The carrying amounts of financial assets on the consolidated statement of financial position represent the maximum credit risk of the Municipality at the date of the consolidated statement of financial position. The Municipality does not believe it is subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality's financial liabilities include temporary borrowing, accounts payable and accrued liabilities and municipal debt. The Municipality maintains sufficient resources to meet its obligations. The Municipality does not believe it is subject to significant liquidity risk.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2024

20. Financial Instruments (Continued)

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Municipality is exposed to currency risk, interest risk and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Municipality's financial instruments consisting of cash and cash equivalents, accounts receivable, taxes receivable, temporary borrowing, accounts payable and accrued liabilities and municipal debt are subject to market risk. The Municipality does not believe it is subject to significant market risk.

21. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is developed in accordance with the provincially mandated funding model for municipalities and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with the basis of accounting that is used to prepare the consolidated financial statements. The budget figures are unaudited.

	<u>2024</u>	<u>2023</u>
Budget By-law surplus for the year	\$ -	\$ -
Add: Acquisition of tangible capital assets	3,630,329	1,922,705
Contributions to reserves	-	-
Less: Amortization of tangible capital assets	(1,491,035)	(1,341,383)
Contributions from reserves	(695,558)	(473,576)
Municipal debt repaid	<u>337,900</u>	<u>302,784</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ 1,781,636</u>	<u>\$ 410,530</u>

22. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2024 Total
Revenues									
Net taxation	\$ 1,427,239	\$ 1,055,604	\$ 1,725,031	\$ 202,537	\$ 132,655	\$ 1,202,110	\$ 1,094,895	\$ 178,476	\$ 7,018,547
User charges	38,805	172,332	-	405,292	-	-	296,508	45,260	958,197
Government grants and transfers - Provincial	173,744	148,666	209,996	86,774	16,149	146,338	196,268	32,573	1,010,508
Other	327,364	(535)	23,879	-	-	-	42,498	21,898	415,104
Total Revenues	1,967,152	1,376,067	1,958,906	694,603	148,804	1,348,448	1,630,169	278,207	9,402,356
Expenses									
Salary, wages and employee benefits	774,617	528,658	807,831	-	-	-	707,733	182,650	3,001,489
Materials, contracted services, rents, and financial expenses	1,049,339	264,034	747,851	281,305	-	-	594,991	72,741	3,010,261
Transfers to other governments and the public	-	630,460	-	-	189,823	1,720,167	-	-	2,540,450
Amortization	218,361	87,371	912,763	8,517	-	-	264,023	-	1,491,035
Total expenses	2,042,317	1,510,523	2,468,445	289,822	189,823	1,720,167	1,566,747	255,391	10,043,235
Annual surplus (deficit) before other	(75,165)	(134,456)	(509,539)	404,781	(41,019)	(371,719)	63,422	22,816	(640,879)
Other									
Government grants and transfers related to capital - Provincial	-	-	854,753	-	-	-	82,919	-	937,672
Government grants and transfers related to capital - Federal	271	-	976,340	-	-	-	52,108	-	1,028,719
Annual surplus (deficit)	<u>\$ (74,894)</u>	<u>\$ (134,456)</u>	<u>\$ 1,321,554</u>	<u>\$ 404,781</u>	<u>\$ (41,019)</u>	<u>\$ (371,719)</u>	<u>\$ 198,449</u>	<u>\$ 22,816</u>	<u>\$ 1,325,512</u>

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
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23. Segmented Information (Continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenues									
Net taxation	\$ 1,401,970	\$ 1,031,641	\$ 1,712,359	\$ 190,068	\$ 126,305	\$ 1,133,546	\$ 979,404	\$ 158,605	\$ 6,733,898
User charges	40,137	153,254	-	420,248	-	-	275,228	65,575	954,442
Government grants and transfers - Provincial	176,217	136,980	215,231	97,591	26,777	142,478	186,885	19,935	1,002,094
Other	350,033	5,774	693,227	-	-	-	33,239	40,626	1,122,899
Total Revenues	1,968,357	1,327,649	2,620,817	707,907	153,082	1,276,024	1,474,756	284,741	9,813,333
Expenses									
Salary, wages and employee benefits	841,933	517,021	772,866	-	-	-	664,476	151,921	2,948,217
Materials, contracted services, rents, and financial expenses	1,096,416	265,386	807,629	268,908	-	-	543,811	79,580	3,061,730
Transfers to other governments and the public	-	638,646	-	-	184,356	1,654,536	-	-	2,477,538
Amortization	107,981	84,741	918,882	8,517	-	-	221,262	-	1,341,383
Total expenses	2,046,330	1,505,794	2,499,377	277,425	184,356	1,654,536	1,429,549	231,501	9,828,868
Annual surplus (deficit) before other	(77,973)	(178,145)	121,440	430,482	(31,274)	(378,512)	45,207	53,240	(15,535)
Other									
Government grants and transfers related to capital - Provincial	-	-	102,435	-	-	-	228,569	-	331,004
Government grants and transfers related to capital - Federal	24,804	-	410,831	-	-	-	120,638	-	556,273
Annual surplus (deficit)	\$ (53,169)	\$ (178,145)	\$ 634,706	\$ 430,482	\$ (31,274)	\$ (378,512)	\$ 394,414	\$ 53,240	\$ 871,742