

**The Corporation of
The City of Sarnia**

**Financial Statements
For the Year Ended December 31, 2024**



SARNIA

O N T A R I O

FINANCIAL STATEMENTS
2024

THE CORPORATION OF THE CITY OF SARNIA

2024

CITY COUNCIL

Mayor	Mike Bradley
Councillors	Dave Boushy
	Terry Burrell
	Bill Dennis
	Anne Marie Gillis
	Adam Kilner
	Chrissy McRoberts
	George Vandenberg
	Brian White

CITY ADMINISTRATION

Chief Administrative Officer	Chris Carter
General Manager, Corporate Services	David Stockdale
General Manager, Community Services	Stacey Forfar
General Manager, Engineering & Operations	David Jackson
Fire Chief	Jeff Weber
Chief of Police	Derek Davis

THE CORPORATION OF THE CITY OF SARNIA

2024

POLICE SERVICE BOARD

Chairperson	Paul Wiersma
Vice Chairperson	Kelly Ash
Councillors	George Vandenberg Chrissy McRoberts Charlene Sebastian
Secretary	Joan Knight

SARNIA POWER CORPORATION

Chairperson	Garry McDonald
Vice Chairperson	Margaret Dragan
Director	Steve Bolt

AUDITORS

BDO Canada LLP

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Management's Statement of Responsibility for Financial Reporting

Management of The Corporation of The City of Sarnia is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgments and estimates necessary to prepare the consolidated financial statements in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Management is also responsible for providing reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced. Management is required to design a system of internal controls to achieve these responsibilities and to ensure the proper authorization of transactions and the integrity of the financial data. BDO Canada LLP, whose report follows, were appointed as independent auditors by City Council to audit the consolidated financial statements.

City Council is responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. These consolidated financial statements have been approved by City Council.

Sarnia, Ontario, Canada

June 1, 2025



Chris Carter, Chief Administrative Officer



David Stockdale, General Manager, Corporate Services



Kristen McGill, Treasurer



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BDO Canada LLP
170 Exmouth Street
Point Edward, Ontario N7T 7Z6

Independent Auditor's Report

To the Members of Council of the Corporation of the City of Sarnia

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Sarnia (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, 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 Corporation of the City of Sarnia as at December 31, 2024, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our 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.

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

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

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

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

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



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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Windsor, Ontario
August 18, 2025

THE CORPORATION OF THE CITY OF SARNIA**Financial Statements****Consolidated Statement of Financial Position****As at December 31, 2024**

	2024	2023
FINANCIAL ASSETS		
Cash and investments (note 4)	\$ 124,878,489	\$ 122,487,113
Taxes receivable	4,124,899	3,623,315
Accounts receivable	30,461,085	26,631,584
Long-term receivables (note 5)	873,743	1,152,968
Investment in Sarnia Power Corporation (note 6)	79,284,665	76,972,414
Total financial assets	239,622,881	230,867,394
LIABILITIES		
Accounts payable and accrued liabilities	21,623,020	26,714,576
Other deferred revenues	11,355,778	10,789,295
Deferred revenue (note 7)	27,882,365	25,368,715
Long-term liabilities (note 8)	1,043,943	1,938,002
Asset retirement obligation (note 22)	2,437,866	2,308,691
Employee future benefits (note 9)	38,557,374	39,164,873
Accrued tax liabilities (note 11)	71,052	896,716
Total liabilities	102,971,398	107,180,868
NET FINANCIAL ASSETS	136,651,483	123,686,526
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	656,462,102	637,618,262
Inventory	934,251	900,671
Prepaid expenses	867,526	3,285,148
Land held for sale	4,331,043	4,331,043
Total non-financial assets	662,594,922	646,135,124
Accumulated Surplus (note 13)	\$ 799,246,405	\$ 769,821,650

Approved on behalf of City Council

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE CITY OF SARNIA

Financial Statements

Consolidated Statement of Operations

For the year ended December 31, 2024

	2024 Budget (note 16)	2024	2023
REVENUE			
Property taxation (note 11)	\$ 92,395,810	\$ 93,575,006	\$ 86,738,960
User fees and service charges	54,968,568	59,604,766	52,704,504
User fees and service charges - other municipalities	3,920,127	3,704,394	4,031,298
Government transfers - operating (note 17)	5,187,697	5,852,351	4,800,721
Investment income	8,408,788	10,594,000	10,661,039
Penalties and interest on taxes	450,000	727,972	644,353
Gaming and casino revenues	400,000	407,128	421,476
Other	870,575	2,106,733	4,448,795
Total revenue	<u>166,601,565</u>	<u>176,572,350</u>	<u>164,451,146</u>
EXPENSES			
General government	17,050,875	15,810,586	13,660,904
Protection services	63,943,040	64,262,171	58,911,102
Transportation services	26,527,955	27,152,029	25,313,441
Health services	80,000	80,000	80,200
Environmental services	39,339,499	39,919,737	38,986,360
Social and family services	415,828	496,874	456,617
Recreation and cultural services	13,768,419	15,186,774	14,374,645
Planning and development	3,126,477	3,643,131	2,561,584
Non-functionalized unfunded liabilities	(650,300)	(650,300)	(1,037,700)
Total expenses	<u>163,601,793</u>	<u>165,901,002</u>	<u>153,307,153</u>
Net revenue	<u>2,999,772</u>	<u>10,671,348</u>	<u>11,143,993</u>
OTHER REVENUE/(EXPENSES)			
Government transfers - capital (note 17)	-	13,688,158	20,216,453
Development Charges Earned	-	2,681,430	1,764,271
Other related to capital	-	-	731,202
Contribution of tangible capital assets	-	38,201	825,764
Share of LAWSS (decrease) increase	-	33,367	(1,051,653)
Sarnia Power Corporation, net change in equity	-	2,312,251	2,186,668
	<u>-</u>	<u>18,753,407</u>	<u>24,672,705</u>
Annual Surplus	<u>\$ 2,999,772</u>	<u>\$ 29,424,755</u>	<u>\$ 35,816,698</u>
Accumulated Surplus, Beginning of Year		769,821,650	734,004,952
Accumulated Surplus, End of Year		<u>\$799,246,405</u>	<u>\$769,821,650</u>

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE CITY OF SARNIA

Financial Statements

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2024

	2024 Budget	2024	2023
Annual Surplus	\$ 2,999,772	\$ 29,424,755	\$ 35,816,698
Amortization of tangible capital assets	23,850,131	23,850,131	21,911,704
Proceeds from sale of tangible capital assets	-	99,169	50,037
Loss on sale of tangible capital assets	-	977,164	972,512
Acquisition of tangible capital assets	(54,515,763)	(43,770,304)	(52,615,335)
Change in inventory	-	(33,580)	(97,700)
Change in prepaid expenses	-	2,417,622	(2,405,838)
Increase in Net Financial Assets	(27,665,860)	12,964,957	3,632,078
Net Financial Assets, Beginning of Year	123,686,526	123,686,526	120,054,448
Net Financial Assets, End of Year	\$ 96,020,666	\$ 136,651,483	\$ 123,686,526

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE CITY OF SARNIA

Financial Statements

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual Surplus	\$ 29,424,755	\$ 35,816,698
Items not involving cash:		
Amortization of tangible capital assets	23,850,131	21,911,703
Change in asset retirement obligation liability	129,175	119,917
Loss on sale of tangible capital assets	977,164	972,511
Change in employee future benefits	(607,499)	(1,175,839)
Change in accrued tax liabilities	(825,664)	180,821
Change in non-cash assets and liabilities		
Taxes receivable	(501,584)	(317,291)
Accounts receivable	(3,829,501)	2,938,692
Accounts payable and accrued liabilities	(5,091,556)	3,328,665
Other deferred revenue	566,483	37,614
Deferred revenue	2,513,650	(3,153,059)
Inventory, prepaid expenses and land held for sale	2,384,042	(2,503,534)
	<u>48,989,596</u>	<u>58,156,898</u>
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	99,169	50,037
Acquisition of tangible capital assets	(43,770,304)	(52,615,337)
Net change in cash from capital activities	<u>(43,671,135)</u>	<u>(52,565,300)</u>
INVESTING ACTIVITIES		
Long-term receivables	279,225	285,891
Investment in Sarnia Power Corporation	(2,312,251)	(2,186,668)
Net change in cash from investing activities	<u>(2,033,026)</u>	<u>(1,900,777)</u>
FINANCING ACTIVITIES		
Long-term liabilities	(894,059)	(852,052)
Net change in cash and equivalents	2,391,376	2,838,769
Cash and cash equivalents, beginning of year	<u>122,487,113</u>	<u>119,648,344</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 124,878,489</u>	<u>\$ 122,487,113</u>

The accompanying notes are an integral part of this financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These estimates and approximations have been made using careful judgments. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Basis of Consolidation

(i) Consolidated Financial Statements

These consolidated financial statements reflect the assets, liabilities, reserves, surpluses/deficits, revenues and expenses of those City funds, organizations, committees, local boards and entities accountable to the City for the administration of their financial affairs and resources, and which are owned or controlled by the City.

(ii) Government Business Enterprises

Sarnia Power Corporation and its affiliates are not consolidated but are accounted for on the modified equity basis which reflects the City's investment in the enterprises and its share of net income since acquisition. Under the modified equity basis, the enterprises' accounting principles are not adjusted to conform to those of the Municipality, and inter-organizational transactions and balances are not eliminated.

(iii) Joint Local Board

The Lambton Area Water Supply System (LAWSS) has been consolidated on a proportionate basis based upon the water flow of the Municipality in proportion to the entire flows provided by the joint board based on the average 3 years for the 2nd to 4th previous year. Under the proportionate basis, the Municipality's pro rata share of each of the assets, liabilities, revenues and expenditures of the board are consolidated with similar items in the Municipality's financial statements. For 2024, the Municipality's share of the System was 60.09% (2023 – 60.06%). Material inter-organizational transactions and balances have been eliminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(iv) Accounting for School Boards and the County of Lambton

The taxation, local revenues, expenditures, assets and liabilities with respect to the operations of the local school boards and the County of Lambton are not included in the consolidated financial statements.

(v) Trust Funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Financial Statements.

(b) Basis of Accounting

(i) Employee Future Benefits

The City provides certain benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board (WSIB) Act, and life insurance, extended health and dental benefits for early retirees.

The costs of sick leave, life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. 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.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of Accounting

(i) Employee Future Benefits

losses that are related to these benefits are recognized immediately in the period they arise.

The Municipality participates in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan. The Municipality recognizes its pension expense as contributions are due to OMERS.

(ii) Non-Financial Assets

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straightline basis over their estimated useful lives as follows:

Land Improvements	5 to 50 years
Buildings	9 to 100 years
Machinery & Equipment	5 to 30 years
Vehicles	5 to 20 years
Computers	5 years
Roads	15 to 50 years
Water Distribution	15 to 60 years
Sanitary Sewer	50 to 60 years
Storm Sewer	50 to 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time amortization commences.

Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. During 2024, tangible capital assets with a value of \$38,201 were contributed by developers to the City (2023 - \$825,764). These items are comprised of sanitary

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of Accounting

(ii) Non-Financial Assets

sewer, storm sewer, water and roads assets.

Interest Capitalization

The Municipality does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Inventories

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

(iii) Deferred Revenue - Development Charges

The Municipality receives development charges and sub-divider contributions under the authority of provincial legislation and municipal bylaws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. These amounts will be recognized as revenue in the fiscal year they are expended.

(iv) Taxation and Related Revenue

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, the requisition made by the County of Lambton in respect of County 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. Assessments and related property taxes are also subject to appeal. Each year, management provides a best estimate of the affect of supplementary assessments and tax appeals on taxation revenue.

The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of Accounting

(v) Government Transfers

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

(vi) Revenue Recognition

User charges are recorded when the amount is determinable, collectability is assured and the services are provided. Investment income is recorded as earned.

(vii) Use of Estimates

The preparation of financial statements in conformity with the Public Sector Accounting Board (PSAB) of CPA Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting periods. Principle estimates include useful lives of tangible capital assets, supplementary taxes and tax appeals and employee future benefits. Actual results could differ from these estimates.

(viii) Contaminated Sites

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of Accounting

(ix) Asset Retirement Obligations

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

(x) Financial Instruments

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

Fair value

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of Accounting

(x) Financial Instruments

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

Amortized Cost

This category includes accounts receivable, long-term receivables, GICs, bank loans, accounts payable and accrued liabilities, long-term debt and other long-term liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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

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

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LAMBTON

Further to note 1 (a) (iv), the amounts collected for taxation, other revenues and requisitions on behalf of the local school boards and the County of Lambton are comprised of:

	School Boards	County	Total
Taxation and user charges	\$ 20,897,124	\$ 45,508,367	\$ 66,405,491
Share of payments in lieu of taxes	35,172	613,413	648,585
	<u>20,932,296</u>	<u>46,121,780</u>	<u>67,054,076</u>
Share of taxes written off	83,250	174,733	257,983
Share of tax rebates	34,930	34,291	69,221
	<u>118,180</u>	<u>209,024</u>	<u>327,204</u>
Amounts transferred	<u>\$20,814,116</u>	<u>\$45,912,756</u>	<u>\$66,726,872</u>

3. TRUST FUNDS

The Municipality administers one trust fund in the amount of \$14,295 (2023 - \$13,610), which has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Operations.

4. CASH AND INVESTMENTS

An operating line of credit is available by way of bank overdraft in the amount of \$8,000,000. Amounts obtained under this credit facility are due on demand and bear interest at the bank's prime rate less 1.65%, calculated and payable monthly. No amounts have been drawn on this line as at December 31, 2024 (2023 - \$NIL).

The balance of cash and investments consists of the following:

	2024	2023
Cash on hand	\$ 17,720	\$ 17,239
Cash in bank	124,260,769	121,869,874
Investments (see note 14)	600,000	600,000
	<u>\$ 124,878,489</u>	<u>\$ 122,487,113</u>

The cash in bank is held at a Canadian chartered bank and earns interest based on average monthly prime rate.

The investments are comprised of six GICs (2023 - six GICs), recorded at cost, with effective interest rates between 4.35% and 5.12% (2023 - 4.71% and 5.57%) maturing in 2025. The market value of these investments amounted to \$600,000 (2023 - \$600,000). Interest is receivable on an annual basis.

THE CORPORATION OF THE CITY OF SARNIA**Notes to the Consolidated Financial Statements****Year Ended December 31, 2024**

5. LONG-TERM RECEIVABLES

	2024	2023
Loan receivable - employees re Ontario Police College, at 0% interest, repayable over 2 years	\$ 18,427	\$ 94,096
Loan receivable - Bluewater Gymnastics, at 4.50% interest, repayable in monthly installments including principal and interest of \$1,898 with final payment due January 2024	-	1,892
Loan receivable - Local Improvement Drain, at 4.45% - 9.20% interest, repayable in annual installments including principal and interest over 5 to 10 years	91,148	108,100
Loan receivable - Municipal Facade Improvement Program, at 1.35% interest, repayable in quarterly installments including principal and interest of \$2,335 with a final payment due June 2027	19,557	28,556
Loan Receivable - Sarnia Sting, at 3.0% interest, repayable in monthly installments including principal and interest of \$20,835 over 6 years with a final payment due May 2029.	<u>1,010,845</u>	<u>1,234,784</u>
	1,139,977	1,467,428
Accounts receivable - current portion	<u>266,234</u>	<u>314,460</u>
Total long-term receivables	<u>\$ 873,743</u>	<u>\$ 1,152,968</u>

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

6. INVESTMENT IN SARNIA POWER CORPORATION

Under the provincial government's Electricity Competition Act (Bill 35), Sarnia Power Corporation, a holding company, along with its affiliates Bluewater Power Corporation and Sarnia Hydro Energy Services were incorporated October 20, 2000 under the Ontario Business Corporations Act.

On November 1, 2000 the Hydro-Electric Commission of the City of Sarnia merged its operations with the Petrolia Public Utilities Commission, Point Edward Public Utilities Commission, Alvinston Public Utilities Commission, Warwick Hydro Electric Commission and Oil Springs Hydro Electric Commission as Bluewater Power Corporation.

As part of this electricity restructuring, the Municipality transferred the net assets of the former Hydro- Electric Commission of the City of Sarnia to Bluewater Power Corporation. Sarnia Power Corporation, wholly owned by the Municipality, was incorporated to hold the City of Sarnia's investment in this entity. As consideration for the transfers, the Municipality took back an 86.05% share in the common shares of Bluewater Power Corporation and a promissory note.

The financial statements of Sarnia Power Corporation were prepared in accordance with International Financial Reporting Standards (IFRS).

The investment is composed of the following:

	2024	2023
Sarnia Power Corporation common shares	\$ 15,566,626	\$ 15,566,626
Bluewater Power Distribution Corporation, long-term notes receivable	16,729,636	16,729,636
Share of net income since acquisition, net of dividends received	46,988,403	44,676,152
	<u>\$ 79,284,665</u>	<u>\$ 76,972,414</u>

The notes receivable are unsecured and bear interest at the rate of 7.93%. Interest received from these notes receivable amounted to \$1,319,455 (2023 - \$1,274,409) and is reported in the Consolidated Statement of Operations.

Continuity of Investment

	2024	2023
Balance, beginning of year	\$ 76,972,414	\$ 74,785,746
Adjustment due to recast prior year	-	(1,124,307)
Balance, adjusted beginning of year	<u>76,972,414</u>	<u>73,661,439</u>
Net income for the year	4,243,458	5,092,670
Dividends received during the year	(1,931,207)	(1,781,695)
Net increase in equity during the year	<u>2,312,251</u>	<u>3,310,975</u>
Balance, end of year	<u>\$79,284,665</u>	<u>\$76,972,414</u>

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

6. INVESTMENT IN SARNIA POWER CORPORATION

The following table provides condensed financial information from the consolidated financial statements of Sarnia Power Corporation for the year ended December 31:

	2024	2023
Financial Position		
Assets		
Current assets	\$ 46,452,761	\$ 36,535,515
Non-current assets	113,387,047	109,849,398
Total assets	159,839,808	146,384,913
Regulatory balances	5,877,024	6,777,728
Total assets and regulatory balances	<u>\$165,716,832</u>	<u>\$153,162,641</u>
Liabilities		
Current liabilities	\$ 27,019,759	\$ 24,765,027
Long-term liabilities	63,309,409	56,930,689
Total liabilities	<u>90,329,168</u>	<u>81,695,716</u>
Equity		
Share capital	15,566,626	15,566,626
Retained earnings	47,292,915	45,192,564
Accumulated other comprehensive loss	(304,512)	(516,412)
Non-controlling interest	10,141,106	9,766,256
Total equity	<u>72,696,135</u>	<u>70,009,034</u>
Total liabilities and equity	<u>163,025,303</u>	<u>151,704,750</u>
Regulatory balances	2,691,529	1,457,891
Total liabilities, equity and regulatory balances	<u>\$165,716,832</u>	<u>\$153,162,641</u>
Results of Operations		
Revenues	\$154,212,555	\$139,839,712
Operating expenses	147,332,079	133,441,400
Income from operating activities	6,880,476	6,398,312
Regulatory Balances	(2,195,342)	136,996
Other comprehensive (loss) income	246,252	(617,039)
Total comprehensive income	4,931,386	5,918,269
Non-controlling interest	(687,928)	(825,599)
Net income	<u>\$ 4,243,458</u>	<u>\$ 5,092,670</u>

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

7. DEFERRED REVENUE

Provincial legislation restricts how funds relating to development charges, subdivider contributions, provincial and federal funding and building permits may be used.

	2024	2023
Development Charges Act	\$ 12,893,898	\$ 13,283,493
Recreational land (The Planning Act)	403,396	525,381
Canada Community Building Fund	3,516,875	1,930,249
Gasoline Tax - Ontario	3,041,981	3,482,477
Building Permit (Building Code Act)	1,960,934	1,802,853
Ontario Community Infrastructure Fund Reserve	5,733,927	3,958,572
Federal Harbour Reserve	-	341,742
Ontario Municipal Commuter Cycling Program	34,530	32,755
Other Senior Government Grants	11,193	11,193
Ontario Building Faster Fund	285,631	-
Total	<u><u>\$ 27,882,365</u></u>	<u><u>\$ 25,368,715</u></u>

Total activities for the above items is summarized as follows:

	2024	2023
Balance, beginning of the year	<u>\$ 25,368,715</u>	<u>\$ 28,521,774</u>
Developer contributions received	2,316,169	1,006,101
Canada grants	8,775,659	6,724,307
Ontario grants	9,514,901	10,033,661
Interest earned	1,422,716	1,444,994
Internal borrowings for Developmental Charges Reserve	(1,375,144)	370,298
Provincial Gasoline Tax funding utilized	(1,796,142)	(1,915,330)
Funds utilized by Municipality	<u>(16,344,509)</u>	<u>(20,817,090)</u>
Net increase	<u><u>2,513,650</u></u>	<u><u>(3,153,059)</u></u>
Balance, end of the year	<u><u>\$ 27,882,365</u></u>	<u><u>\$ 25,368,715</u></u>

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

8. LONG-TERM LIABILITIES

- (a) The following is an analysis of the long-term liabilities by debt instrument:

	2024	2023
Long-term bank loans	\$ 1,024,968	\$ 1,917,302
Capital lease	18,975	20,700
Long-term liabilities, end of year	<u>\$ 1,043,943</u>	<u>\$ 1,938,002</u>

The long-term bank loans are issued on a demand basis.

- (b) The Bank loan from the Royal Bank of Canada (RBC) matured on January 27, 2023. City Council approved the loan extension for 3 years at an interest rate of 5.57% with a 3 year amortization period.
- (c) The annual principal payments after taking into account the RBC bank loan maturity and extension at an interest rate of 5.57% with a 3 year amortization period noted above are:

2025	\$ 945,389
2026	83,029
2027	1,725
2028	1,725
2029	1,725
2030 to 2034	8,625
2035 onwards	1,725
	<u>\$ 1,043,943</u>

- (d) The annual principal and interest payments required to service the long-term liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

8. LONG-TERM LIABILITIES

- (e) Total activity for the year for long-term liabilities which are reported on the Consolidated Statement of Operations are as follows:

	2024	2023
Balance, beginning of year	\$ 1,938,002	\$ 2,790,054
Principal payments	<u>(894,059)</u>	<u>(852,052)</u>
Balance, end of year	<u>\$ 1,043,943</u>	<u>\$ 1,938,002</u>

Actual interest payments related to long-term liabilities in the current year were \$84,572 (2023 - \$122,590). Interest rates on the long-term liabilities range from 0% - 5.57% (2023 - 0% - 5.57%).

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

9. EMPLOYEE FUTURE BENEFITS

	2024	2023
Sick leave benefit plan	\$ 4,283,200	\$ 4,181,500
Future payments required to WSIB	12,691,300	13,239,300
Post retirement benefits	20,051,400	20,255,400
Accrued vacation pay	1,311,808	1,309,749
Accrued overtime pay	219,666	178,924
Total	<u><u>\$ 38,557,374</u></u>	<u><u>\$ 39,164,873</u></u>

(a) Sick Leave Benefit Plan

Under the sick leave benefit plan for members of the Firefighters' Association, unused sick leave can be accumulated and employees may become entitled to a cash payment when they leave the Municipality's employment. For all other employee groups, the sick leave benefit plan was terminated prior to 1980, at which time the unused sick leave was frozen with payout due when the employee leaves the Municipality's employment. Information about the Municipality's sick leave benefit plan is as follows:

	2024	2023
Accrued benefit liability, beginning of year	\$4,181,500	\$3,930,500
Current service cost	165,100	139,900
Interest on accrued benefit obligation	180,600	180,100
Employer contribution	<u>(244,000)</u>	<u>(69,000)</u>
Estimated benefit liability, end of year	<u><u>\$4,283,200</u></u>	<u><u>\$4,181,500</u></u>

Possible payments over the next five years to employees who are eligible to retire are:

2025	\$ 980,506
2026	215,345
2027	694,281
2028	29,547
2029	<u>245,437</u>
Total	<u><u>\$2,165,116</u></u>

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

9. EMPLOYEE FUTURE BENEFITS

(b) Workplace Safety and Insurance Board

The Workplace Safety and Insurance Board (WSIB) administers injured worker benefits on behalf of the Municipality as a Schedule II employer. The payments made for the year were \$1,694,846 (2023 - \$921,406). The estimate of the future benefit costs of \$12,691,300 (2023 - \$13,239,300) for WSIB claims was determined based on benefits currently in-force with provision for benefits not yet awarded as follows:

	2024	2023
In-force claims	\$ 5,983,400	\$ 5,938,200
Provision for future claims	2,205,000	2,188,300
Unamortized gains	4,502,900	5,112,800
	<u>\$ 12,691,300</u>	<u>\$ 13,239,300</u>

An actuarial valuation was performed as at December 31, 2022 to establish the obligations that exist as at that date. Extrapolations during the 2024 fiscal period were based on the prior valuation as at December 31, 2022. A discount rate of 4.50% was used to determine the value of obligations at December 31, 2024. Inflation was assumed to be 2.50% per year. A reserve fund has been established to provide for a portion of this liability and is included in the Consolidated Statement of Financial Position. The balance at the end of the year is \$4,919,264 (2023 - \$4,082,013).

(c) Post-Retirement Benefits

The Municipality provides certain health and dental benefits on behalf of retired employees up to the age of 65 if they have at least 25 years service with the Municipality upon retirement. The Municipality also provides a healthcare spending account for members of the Firefighters' Association from the age of 65 to age 75, members of the Police Association from the age of 65 to age 70 and members of other employee groups to age 70.

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

9. EMPLOYEE FUTURE BENEFITS

(c) Post-Retirement Benefits

Information about the Municipality's health, dental and health care spending account obligations are as follows:

	2024	2023
Accrued benefit liability, beginning of year	\$ 20,255,400	\$ 20,477,100
Current service cost	630,600	567,000
Interest cost	734,300	739,100
Amortization of actuarial experience (gain) loss	(840,900)	(753,100)
Estimated benefits paid	<u>(728,000)</u>	<u>(774,700)</u>
Accrued benefit liability, end of year	<u>\$20,051,400</u>	<u>\$ 20,255,400</u>

The following shows the reconciliation between the benefit obligation and the accrued post-retirement benefit liability:

	2024	2023
Benefit obligation as at December 31, 2024	\$ 14,647,400	\$ 15,696,000
Unamortized gains	<u>5,404,000</u>	<u>4,559,400</u>
Post-retirement benefit liability as at December 31, 2024	<u>\$20,051,400</u>	<u>\$ 20,255,400</u>

An actuarial valuation was performed as at December 31, 2024 to establish the obligations as at that date. Extrapolations during the 2024 fiscal period were based on the prior valuation as at December 31, 2021. The actuarial estimate assumes a discount rate of 4.60% and a health care trend rate of 5.50% decreasing 0.1% to an ultimate trend rate of 4.00%. The estimate includes a dental care trend rate of 4.00%. No reserve fund has been established to provide for this liability.

(d) Accrued Vacation Pay

The provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits is \$1,311,808 (2023 - \$1,309,749).

9. EMPLOYEE FUTURE BENEFITS

(e) Accrued Overtime Pay

The provisions of certain collective agreements between the Municipality and its unionized staff allow for the carry-over of accumulated unpaid overtime to future periods. The approximate value of this accumulated unpaid overtime is \$219,666 (2023 - \$178,924).

10. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefits 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 more than 500,000 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. The most recent actuarial valuation of the Plan was conducted as at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial valuation of net assets at that date of \$139,576 million indicating a going concern funding deficit of \$2,913 million.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the 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 to OMERS for 2024 was \$6,784,764 (2023 - \$6,335,691) for current service. The OMERS employer and employee contribution rate was 9.00% to 15.80% depending on income level for 2024 (2023 - 9.00% to 15.80% depending on income level).

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

11. PROPERTY TAXATION REVENUE AND ACCRUED TAX LIABILITIES

	2024	2023
Taxation Revenue - General Levy	\$86,025,810	\$81,754,359
Taxation Revenue - Supplementary Tax Levy	504,972	526,388
Payment in Lieu Taxation Revenue	1,577,486	1,509,128
Taxation Revenue - Transit Levy	5,033,804	4,871,787
Taxation Revenue - Supplementary Transit Tax Levy	30,991	29,195
Subtotal of Taxation Revenue	93,173,063	88,690,857
Tax Write - offs	(353,154)	(1,696,592)
Tax Rebates and Exemptions	(70,567)	(74,484)
Change in Accrued Tax Liability	825,664	(180,821)
Subtotal of Tax Write - offs, Rebates and Exemptions	(401,943)	1,951,897
Total Property Taxation Revenue	<u>\$93,575,006</u>	<u>\$86,738,960</u>

Reconciliation of Assessment Appeal Provision and Accrued Tax Liability

	2024	2023
Estimate of expected appeals	\$ 86,417	\$ 1,539,488
Estimate of expected supplementary taxes	(15,365)	(644,688)
Other adjustments	-	1,916
Potential Future Tax Liability	<u>\$ 71,052</u>	<u>\$ 896,716</u>

The potential future tax liability includes an estimate of all potential changes due to the results of tax appeals and supplementary taxes as the result of Assessment Review Board Decisions, Minutes of Settlement, Post Roll Assessment notices, Supplementary and Omitted Assessments and other tax adjustments that are processed under the Municipal Act, 2001.

The actual future results will differ from these estimates as tax appeals are settled and actual assessment values are applied to supplemental properties.

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

12. TANGIBLE CAPITAL ASSETS

2024	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Computers	Roads	Water Distribution	Sanitary Sewer	Storm Sewer	Assets Under Construction	2024	2023
Cost													
Balance, Beginning of year	\$122,163,785	\$ 56,798,033	\$142,067,837	\$ 97,018,212	\$42,034,464	\$ 8,022,927	\$281,507,016	\$147,470,093	\$84,614,109	\$ 89,057,578	\$ 22,784,543	\$ 1,093,538,597	\$ 1,046,466,990
Add: additions during the year	60,397	16,356,750	13,423,636	2,888,076	1,933,999	452,530	10,629,443	3,840,622	1,054,263	2,748,307	10,607,473	63,995,496	104,986,101
Less:disposals during the year	-	(563,408)	(62,500)	(764,425)	(678,457)	-	(1,512,714)	(876,839)	(91,892)	(391,670)	(20,253,094)	(25,194,999)	(56,097,681)
LAWSS Adjustment	382	393	18,494	24	-	-	-	25,339	-	-	331	44,963	(1,816,812)
Balance, end of year	<u>122,224,564</u>	<u>72,591,768</u>	<u>155,447,467</u>	<u>99,141,887</u>	<u>43,290,006</u>	<u>8,475,457</u>	<u>290,623,745</u>	<u>150,459,215</u>	<u>85,576,480</u>	<u>91,414,215</u>	<u>13,139,253</u>	<u>1,132,384,057</u>	<u>1,093,538,598</u>
Accumulated Amortization													
Balance, beginning of year	-	33,965,078	54,808,858	66,042,605	20,754,429	4,835,695	147,060,198	59,073,461	25,138,370	44,241,642	-	455,920,336	438,529,814
Add: amortization	-	1,700,359	3,484,263	4,000,222	2,407,223	873,100	6,135,843	2,216,115	1,437,615	1,595,391	-	23,850,131	21,911,703
Less: accumulated amortization on disposals	-	(529,736)	(62,500)	(675,833)	(565,180)	-	(1,052,507)	(588,225)	(77,181)	(314,411)	-	(3,865,573)	(4,110,981)
LAWSS Adjustment	-	203	8,064	19	-	-	-	8,775	-	-	-	17,061	(410,200)
Balance, end of year	<u>-</u>	<u>35,135,904</u>	<u>58,238,685</u>	<u>69,367,013</u>	<u>22,596,472</u>	<u>5,708,795</u>	<u>152,143,534</u>	<u>60,710,126</u>	<u>26,498,804</u>	<u>45,522,622</u>	<u>-</u>	<u>475,921,955</u>	<u>455,920,336</u>
Net book value of tangible capital assets	<u>\$122,224,564</u>	<u>\$ 37,455,864</u>	<u>\$ 97,208,782</u>	<u>\$ 29,774,874</u>	<u>\$20,693,534</u>	<u>\$ 2,766,662</u>	<u>\$138,480,211</u>	<u>\$ 89,749,089</u>	<u>\$59,077,676</u>	<u>\$ 45,891,593</u>	<u>\$ 13,139,253</u>	<u>\$ 656,462,102</u>	<u>\$ 637,618,262</u>

12. TANGIBLE CAPITAL ASSETS

2023	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Computers	Roads	Water Distribution	Sanitary Sewer	Storm Sewer	Assets Under Construction	2023
Cost												
Balance, beginning of year	\$122,173,327	\$ 53,852,752	\$119,253,307	\$ 89,850,354	\$37,808,802	\$7,051,908	\$265,892,657	\$144,121,062	\$60,938,427	\$ 86,700,874	\$ 58,823,519	\$ 1,046,466,990
Add: addition during the year	-	3,122,845	24,298,165	7,735,574	5,241,484	1,098,879	16,759,933	4,790,179	23,845,008	2,635,217	15,458,817	104,986,101
Less: disposals during the year	-	(172,500)	(849,149)	(567,110)	(1,015,821)	(127,861)	(1,145,570)	(807,677)	(169,327)	(278,514)	(50,964,152)	(56,097,681)
LAWSS Adjustment	(9,542)	(5,064)	(634,486)	(606)	-	-	-	(633,470)	-	-	(533,644)	(1,816,812)
Balance, end of year	<u>122,163,785</u>	<u>56,798,033</u>	<u>142,067,837</u>	<u>97,018,212</u>	<u>42,034,465</u>	<u>8,022,926</u>	<u>281,507,020</u>	<u>147,470,094</u>	<u>84,614,108</u>	<u>89,057,577</u>	<u>22,784,540</u>	<u>1,093,538,598</u>
Accumulated Amortization												
Balance, beginning of year	-	32,919,587	52,394,784	62,886,117	19,476,024	4,154,092	142,026,790	57,717,828	24,051,190	42,903,402	-	438,529,814
Add: amortization	-	1,223,032	3,120,174	3,711,979	2,217,020	770,832	5,948,323	2,144,113	1,228,608	1,547,622	-	21,911,703
Less: accumulated amortization on disposals	-	(172,500)	(514,448)	(555,051)	(938,616)	(89,231)	(914,916)	(575,415)	(141,430)	(209,374)	-	(4,110,981)
LAWSS Adjustment	-	(5,041)	(191,653)	(443)	-	-	-	(213,063)	-	-	-	(410,200)
Balance, end of year	<u>-</u>	<u>33,965,078</u>	<u>54,808,857</u>	<u>66,042,602</u>	<u>20,754,428</u>	<u>4,835,693</u>	<u>147,060,197</u>	<u>59,073,463</u>	<u>25,138,368</u>	<u>44,241,650</u>	<u>-</u>	<u>455,920,336</u>
Net book value of tangible capital assets	<u>\$122,163,785</u>	<u>\$ 22,832,955</u>	<u>\$ 87,258,980</u>	<u>\$ 30,975,610</u>	<u>\$21,280,037</u>	<u>\$3,187,233</u>	<u>\$134,446,823</u>	<u>\$ 88,396,631</u>	<u>\$59,475,740</u>	<u>\$ 44,815,927</u>	<u>\$ 22,784,540</u>	<u>\$ 637,618,262</u>

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

13. ACCUMULATED SURPLUS

The accumulated surplus consists of the following balances:

	2024	2023
Surplus		
Investment in tangible capital assets	\$ 656,462,102	\$ 637,618,262
Capital assets financed by internal borrowings and to be funded in future year	(8,700,136)	(10,075,280)
Land held for sale	4,331,043	4,331,043
Capital fund	(894,213)	(2,105,954)
Equity in Sarnia Power Corporation	79,284,665	76,972,414
Unfunded		
Long-term liabilities	(1,043,943)	(1,938,002)
Accrued interest on long-term liabilities	(626)	(878)
Asset Retirement Obligation	(2,437,866)	(2,308,691)
Employee future benefits	(38,777,040)	(39,164,873)
Accrued tax liabilities	(71,052)	(896,716)
Total Surplus	688,152,934	662,431,325
Reserves Set Aside for Specific Purpose by Council		
Working fund	6,411,069	13,220,443
Replacement of equipment	4,929,227	4,628,692
Capital projects	82,124,554	73,904,583
Other programs	1,019,466	1,490,414
Total Reserves	94,484,316	93,244,132
Discretionary Reserve Funds Set Aside for Specific Purpose by Council		
Insurance	8,680,622	7,403,647
Airport Operator	413,235	370,007
Harbour operations	4,538,138	3,658,499
Special projects	2,028,118	1,959,943
Other programs	949,042	754,097
Total Reserve Funds	16,609,155	14,146,193
Total Accumulated Surplus	\$ 799,246,405	\$ 769,821,650

13. ACCUMULATED SURPLUS

The Municipality is committed to pay the interest earned on \$600,000 (2023 - \$600,000) of the reserve funds to outside agencies.

Internal Borrowings

As part of the 2020 capital budget, Council approved the internal borrowing of up to \$8,242,500 from Reserves to currently fund a portion of the Municipality's sewer upgrade project that will ultimately be funded from charges collected in the future under the Development Charges Act. As part of the 2021 capital budget, Council approved the internal borrowing of up to \$3,849,492 from Reserves to currently fund a portion of the Municipality's Rapid's Parkway extension project that will ultimately be funded from charges collected in the future under the Development Charges Act. The internal borrowings net of repayments totaled \$8,700,136 as at December 31, 2024.

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

14. JOINT LOCAL BOARD CONSOLIDATION - LAWSS

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

The consolidated financial statements include the Municipality's 60.09% (2023 - 60.06%) proportionate interest in the following:

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

15. CONTRACTUAL OBLIGATIONS

(a) Ontario Clean Water Agency

In accordance with service agreements entered into with the Ontario Clean Water Agency (OCWA), a portion of the sewage and water system is operated by the Agency. The Municipality is obligated to meet all operating costs and repay the long-term liabilities related to these projects.

OCWA is contracted to operate the water treatment plant on behalf of LAWSS. Included in the Consolidated Statement of Operations for 2024 are charges for the operation of the water treatment plant in the amount of \$2,977,132 (2023 - \$2,822,143).

(b) Marcotte Disposal Inc.

At its February 10, 2025 meeting, City Council accepted the proposal from Marcotte Disposal Inc. for curbside waste collection services which includes garbage, yard waste, brush and associated fuel costs starting July 1, 2025. The total cost of the 24 month contract is \$5,043,042.

(c) Bluewater Power Services Corporation

The Municipality entered into two six year agreements with Bluewater Power Services Corporation, a subsidiary of Bluewater Power Corporation, on January 1, 2021 for the provision of water meter reading services and water meter maintenance and installation services. The cost of work to be performed under the two agreements is approximately \$6,777,000 over the six-year term.

15. CONTRACTUAL OBLIGATIONS

(d) Birnam Excavating Ltd.

At its March 11, 2024 meeting, City Council accepted the tender submitted by Birnam Excavating Ltd. in the amount of \$5,602,863 for Wellington Street, Queen Street, and Victoria Street reconstruction as part of the ongoing combined sewer separation program. The work is expected to be completed by the end of 2024.

(e) Cope Construction and Contracting

At its March 11, 2024 meeting, City Council accepted the tender submitted by Cope Construction and Contracting in the amount of \$2,530,613 for Tecumseh Street and Rose Street reconstruction as part of the ongoing combined sewer program. The work is expected to be completed by the end of 2025.

(f) Birnam Excavating Ltd.

At its July 8, 2024 meeting, City Council accepted the tender submitted by Birnam Excavating Ltd. in the amount of \$7,625,567 for the biosolids phase 2 processing upgrades at the Sarnia Wastewater Pollution Control Centre. This work is expected to be completed by the end of 2025.

(g) Van Bree Infrastructure

At its March 31, 2025 meeting, City Council accepted the tender submitted by Van Bree Infrastructure in the amount of \$3,470,167 for the Minto and Germain Street reconstruction project. This work is expected to be completed by the end of 2025.

(h) Other

At its March 31, 2025 meeting, City Council accepted tenders submitted for various approved capital projects including road reconstructions and watermain replacement by various vendors. These works are expected to be completed by the end of 2025 and total \$5,715,853.

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements Year Ended December 31, 2024

16. BUDGET FIGURES

Budget data presented in these consolidated financial statements are based upon the 2024 operating budget as approved by Council and adopted by the City on December 5, 2023. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting.

The chart below reconciles the approved budget with the budget figures as presented in these consolidated statements.

	2024 Budget	2023 Budget
Revenues		
Approved Operating Budget	\$ 179,558,301	\$ 171,667,549
Adjustments:		
Net contribution from reserve and reserve funds	(7,378,611)	(8,170,800)
Tax Reductions	(634,200)	(634,200)
Internal allocation elimination entries	(5,753,052)	(4,895,411)
LAWSS consolidated adjustment	<u>809,127</u>	<u>729,971</u>
Adjusted Operating Budget per Statement of Operations	<u>166,601,565</u>	158,697,109
 Expenses		
Approved Operating Budget	179,558,301	171,667,549
Adjustments:		
Net contribution to reserve, reserve funds and capital	(30,905,627)	(28,353,652)
Tax Reductions	(634,200)	-
Debt principal repayments	(892,585)	(1,503,101)
Internal allocation elimination entries	(5,753,052)	(4,895,411)
Unfunded liability adjustment	816,789	(175,853)
LAWSS consolidated adjustment	(2,246,467)	(1,995,058)
Amortization - not including LAWSS	22,462,622	20,604,492
Loss on disposals of TCAs	1,076,333	1,022,549
Accretion - ARO - not including LAWSS	<u>119,679</u>	<u>113,364</u>
Adjusted Operating Budget per Statement of Operations	<u>163,601,793</u>	<u>156,484,879</u>
Total Net Revenue	<u>\$ 2,999,772</u>	<u>\$ 2,212,230</u>

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

17. GOVERNMENT TRANSFERS

	2024	2023
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 3,567,200	\$ 3,601,400
Program Support	426,553	391,625
Provincial Gas Tax	1,458,609	838,934
	<u>5,452,362</u>	<u>4,831,959</u>
Government of Canada		
Program Support	58,247	38,900
Federal Harbour	341,742	(70,138)
	<u>399,989</u>	<u>(31,238)</u>
Total Operating	<u>5,852,351</u>	<u>4,800,721</u>
Capital		
Province of Ontario		
Provincial Gas Tax	182,052	865,682
Ministry of Environment	84,626	119,533
Drainage Grants	57,690	53,440
Ontario Community Infrastructure Fund	3,647,598	6,478,605
Investing in Canada Infrastructure Program	2,527,157	1,118,120
Southwestern Ontario Development Fund	-	291,161
Community, Culture and Recreation Stream	-	579,119
	<u>6,499,123</u>	<u>9,505,660</u>

THE CORPORATION OF THE CITY OF SARNIA**Notes to the Consolidated Financial Statements****Year Ended December 31, 2024**

17. GOVERNMENT TRANSFERS

	2024	2023
Government of Canada		
Canada Community Building Fund	713,913	4,370,653
Disaster Mitigation and Adaptation Fund	3,116,135	2,160,314
Investing in Canada Infrastructure Program	3,283,987	2,514,602
Active Transportation Fund	75,000	-
National Trade Corridors Fund	-	1,146,249
Community, Culture and Recreation Stream	-	(313,184)
Regional Air Transportation Initiative	-	832,159
	<u>7,189,035</u>	<u>10,710,793</u>
Total Capital	<u>13,688,158</u>	<u>20,216,453</u>
Total Government Transfers	<u>\$19,540,509</u>	<u>\$25,017,174</u>

18. SEGMENTED REPORTING

The City of Sarnia has adopted a business approach to the various responsibilities carried out by the Municipality and has separated the financial transactions to better reflect the true cost of each segment. The following provides a brief description of the individual segments used. Refer to Schedule A - Schedule of Segment Disclosure.

General Government

General Government is comprised of various departments including the Mayor & Council, Chief Administration Officer, Clerk and Corporate Services. These departments support and provide a variety of services to other departments within the Municipality and the public.

Protection Services

Protection Services is comprised of the Police Services, Fire Services and By-law Enforcement departments. The Sarnia Police Services' mandate is to ensure public safety within the municipality. Through patrols, detective work, education, and other efforts the police department works to deter and prevent crime. The Sarnia Fire Rescue Service serves the residents of the City of Sarnia by providing fire prevention, public education and fire suppression services. It operates out of five stations covering an area of 168 square kilometres and approximately 72,000 residents. The services provided include fire suppression and prevention, water rescue, high-angle rescue, confined space rescue, specialized vehicle extrication and industrial firefighting. The By-law Enforcement department includes parking enforcement, building permits and animal control.

Transportation Services

Transportation Services consists of road maintenance and construction as well as Sarnia Transit, winter control, and streetlighting. Sarnia Transit is responsible for providing public transportation within the transit service area of the city. The Municipality's Transit employees operate and maintain a fleet of 22 buses on the conventional transit system and 7 specialized vehicles on the Care-a-Van service. Road maintenance and construction maintains approximately 445 kilometres of roads and takes care of pothole maintenance, hot mix patching, paving, street cleaning, signage, and winter control.

Environmental Services

Environmental Services consists of sanitary sewage systems, storm sewer maintenance, waterworks system construction and maintenance, waste collection, waste disposal, recycling and compost. The sewage division constructs and maintains the Municipality's storm and sanitary sewage systems. Environmental Services also ensures the maintenance and proper operation of 49 wastewater pump stations and 8 stormwater facilities. The Municipality also operates 2 wastewater treatment plants.

18. SEGMENTED REPORTING

Health Services

Health Services consists of grants to the Physician Recruitment Taskforce and Bluewater Health Foundation.

Social and Family Services

Social and Family Services consists of Strangway Centre programming and activities. The Strangway Centre provides leisure, educational and social activities and services.

Recreation and Cultural Services

Recreation and Cultural Services provide for all of the City's parks, trees, floral displays, sports and recreation facilities, beaches, pools, arenas, special events and more. Numerous recreational programs are offered throughout the year for the enjoyment of the general public.

Planning and Development

Planning and Development's function is to assist City Council, the development community and the public in matters relating to land use planning and building construction.

19. OUTSTANDING LITIGATION

The Municipality and/or its related boards have been named defendants in certain legal actions. The final liability, if any, of these claims is indeterminable as the Municipality and/or its related board have established defence actions.

20. PUBLIC LIABILITY INSURANCE

In recent years, there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Municipality has conducted mitigation efforts to reduce the inherent risks, and has contracted out operational and property risks to private insurers. Municipal liability on inherent risks remains within the deductible of said insurance policies and the aggregate of claims in excess of policy limits (\$50,000,000 on operations risks and \$100,000,000 on property risks).

The City has various insurance policies to cover its operations and policies. The City self-insures for the deductible under the various policies and for single/aggregate claims that exceed policy limits of \$50,000,000.

The Municipality has established a reserve fund for self-insurance. The balance at the end of the year is \$3,761,358 (2023 - \$3,321,634) and is included in accumulated surplus.

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

20. PUBLIC LIABILITY INSURANCE

Claims settled during the year, amounting to \$484,761 (2023 - \$218,257), have been provided for from the reserve fund. Of the total amount of claims settled in 2024, \$484,761 has accordingly been reported as an expenditure on the Consolidated Statement of Operations, and \$0 has been reported as a Tangible Capital Asset on the Consolidated Statement of Financial Position.

21. INTER - ENTITY TRANSACTIONS

The Municipality has contracted with subsidiaries of Bluewater Power Corporation to provide billing and collection services for water and sewer charges on a cost recovery basis, water meter management, repair and replacement services and contractor services as part of the Oversize Load Corridor project. Charges for the year were \$3,867,034 (2023 - \$2,721,776).

22. ASSET RETIREMENT OBLIGATIONS

The City applied new Section PS 3280 on January 1, 2023 using the modified retroactive method with restatement. Asset retirement obligations were recognized related to the remediation required for asbestos present in Centennial Park and four municipal buildings, along with monitoring and remediation costs at Canatara Park. As at year end, an obligation of \$2,437,866 has been accrued on the statement of financial position. This amount includes 60.09% of Lambton Area Water Supply System (LAWSS) which has been reported in these financial statements using the proportionate consolidated method. The amount for the City was determined based on total undiscounted expenditures of \$29,981,958 present valued at a discount rate of 5.57% as follows:

Buildings with asbestos	1-20 years
Parks	5 - 100 years
	0

Payment to settle the asset retirement obligations will occur at the end of their life in full.

	2024	2023
Asset retirement obligation, beginning of year	\$ 2,308,691	\$ 2,188,774
Accretion expense	119,678	113,365
Accretion expense - LAWSS	9,417	8,445
Adjustment due to allocation change from prior year - LAWSS	80	(1,893)
Asset retirement obligation, end of year	<u>\$ 2,437,866</u>	<u>\$ 2,308,691</u>

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

22. ASSET RETIREMENT OBLIGATIONS

currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to make payments of interest and principal when due. The Municipality is exposed to this risk relating to its cash, debt holdings in its investment portfolio and accounts receivable. The Municipality holds its cash accounts with a federally regulated chartered bank.

The Municipality's investment policy operates within the constraints of the investment provisions within the Municipal Act.

Accounts receivable are primarily due from Canada Revenue Agency, federal government grants, provincial grants, other municipal governments, and residents of Sarnia. Credit risk is mitigated by the financial solvency of the provincial and upper tier governments and the highly diversified nature of the resident population.

The City measures its exposure to credit risk based on how long the amounts have been outstanding. The amounts outstanding at year end were as follows:

Items	Past Due				
	Total	Current	31-60 days	61-90 days	>90 days
Federal	\$ 9,315,703	\$ 5,373,720	\$ -	\$ -	\$ 3,941,983
Provincial	7,614,741	4,201,212	143,959	-	3,269,570
Upper-tier	22,063	17,558	4,505	-	-
Municipal	71,524	63,428	-	-	8,096
Other	13,437,054	12,730,259	37,008	63,605	606,182
Total receivables	<u>\$ 30,461,085</u>	<u>\$22,386,177</u>	<u>\$ 185,472</u>	<u>\$ 63,605</u>	<u>\$ 7,825,831</u>

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

Liquidity Risk

Liquidity risk is the risk that the Municipality will not be able to meet all cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash

THE CORPORATION OF THE CITY OF SARNIA

Notes to the Consolidated Financial Statements

Year Ended December 31, 2024

23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Liquidity Risk

activities and expected outflows through extensive budgeting. The following table sets out the contractual maturities as of December 31, 2024 (representing undiscounted contractual cash-flow of financial liabilities):

	Total	within 1 year	1-5 years	>5 years
Accounts payable and accrued liabilities	\$ 21,623,020	\$ 14,211,983	\$ 7,411,037	\$ -
Long-term debt	1,043,943	945,389	89,929	8,625
	\$ 22,666,963	\$ 15,157,372	\$ 7,500,966	\$ 8,625

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

24. FINANCIAL INSTRUMENTS - CLASSIFICATION

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2024		2023	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Cash	\$124,278,489	\$ -	\$121,887,113	\$ -
Accounts receivable	-	30,461,085	-	26,631,584
Long-term receivables	-	873,743	-	1,152,968
Investments	-	600,000	-	600,000
Accounts payable and accrued liabilities	-	21,623,020	-	26,714,576
Other current liabilities	-	-	-	1,137,759
Long-term debt	-	1,043,943	-	1,938,002
Total	\$124,278,489	\$ 54,601,791	\$121,887,113	\$ 58,174,889

25. COMPARATIVE AMOUNTS

Certain comparative amounts presented in the financial statements have been reclassified to conform with the current year's presentation.

Schedule A

Schedule of Segment Disclosure

For the Year Ended 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									
Property taxation	\$ 88,532,806	\$ -	\$ 5,042,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,575,007
User fees and service charges	947,762	3,466,979	3,516,907	45,820,025	-	368,786	3,774,287	4,391,451	62,286,197
Grants	3,637,594	344,473	10,898,222	4,459,760	(29,486)	61,812	85,000	83,134	19,540,509
Rents and financial	8,934,593	14,247	706,194	782,325	-	8,409	49,124	827,081	11,321,973
Other municipalities	1,862	1,289,699	1,218,026	268,483	-	-	10,000	916,323	3,704,393
Other	2,775,912	853,663	1,081,565	145,099	-	-	10,987	30,452	4,897,678
	104,830,529	5,969,061	22,463,115	51,475,692	(29,486)	439,007	3,929,398	6,248,441	195,325,757
EXPENSES									
Salaries, wages, employee benefits & non-functionalized unfunded liabilities	8,465,312	52,653,169	10,334,128	12,464,399	-	155,840	5,232,930	1,057,135	90,362,913
Materials	4,263,878	7,292,393	5,352,642	3,846,392	-	283,993	5,646,161	2,064,869	28,750,328
Contracted services	1,016,190	1,413,396	2,799,667	13,038,845	-	56,661	1,963,488	458,730	20,746,977
Net long-term liability interest charges	-	-	-	-	-	-	84,320	-	84,320
Amortization of tangible capital assets	1,420,148	2,232,640	8,092,703	10,063,101	-	-	2,022,702	-	23,831,294
Amortization of tangible assets - ARO	79	-	-	136	-	-	18,622	-	18,837
Accretion Expense - ARO	7,293	-	-	24,164	-	-	97,637	-	129,094
Other	71,697	655,335	539,135	464,029	80,000	-	107,194	59,849	1,977,239
	15,244,597	64,246,933	27,118,275	39,901,066	80,000	496,494	15,173,054	3,640,583	165,901,002
NET SURPLUS (DEFICIT)	\$ 89,585,932	\$ (58,277,872)	\$ (4,655,160)	\$ 11,574,626	\$ (109,486)	\$ (57,487)	\$ (11,243,656)	\$ 2,607,858	\$ 29,424,755

Schedule A

Schedule of Segment Disclosure

For the Year Ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023 Total
REVENUES									
Property taxation	\$ 81,937,017	\$ -	\$ 4,801,943	\$ -	\$ -	\$ -	\$ -	\$ -	86,738,960
User fees and service charges	793,451	1,158,219	3,623,208	43,092,534	-	305,482	3,113,741	2,382,140	54,468,775
Grants	3,644,441	317,042	14,157,571	6,650,501	-	53,503	115,000	79,116	25,017,174
Rents and financial	9,045,751	18,574	669,579	674,267	-	8,689	43,432	845,100	11,305,392
Other municipal	1,862	1,740,348	994,516	358,249	-	-	10,000	926,323	4,031,298
Other	4,253,763	1,452,324	2,038,068	(234,929)	-	675	76,213	(23,862)	7,562,252
	<u>99,676,285</u>	<u>4,686,507</u>	<u>26,284,885</u>	<u>50,540,622</u>	<u>-</u>	<u>368,349</u>	<u>3,358,386</u>	<u>4,208,817</u>	189,123,851
EXPENSES									
Salaries, wages, employee benefits & non-functionalized unfunded liabilities	6,479,122	47,586,754	9,250,619	11,653,601	-	161,271	5,705,255	880,727	81,717,349
Materials	3,518,142	7,142,968	4,554,455	3,657,264	-	263,768	5,437,682	1,485,383	26,059,662
Contracted services	1,426,498	1,736,840	3,578,020	13,756,883	-	31,141	691,320	287,253	21,507,955
Net long-term liabilities interest charges	-	-	-	-	-	-	123,152	-	123,152
Amortization of tangible capital assets	1,082,665	1,922,265	7,644,599	9,306,082	-	-	1,937,256	-	21,892,867
Amortization of tangible assets - ARO	79	-	-	136	-	-	18,622	-	18,837
Accretion Expense - ARO	6,908	-	-	22,414	-	-	92,486	-	121,808
Other	75,442	632,050	247,819	569,058	80,200	-	260,954	-	1,865,523
	<u>12,588,856</u>	<u>59,020,877</u>	<u>25,275,512</u>	<u>38,965,438</u>	<u>80,200</u>	<u>456,180</u>	<u>14,266,727</u>	<u>2,653,363</u>	153,307,153
NET SURPLUS (DEFICIT)	<u>\$ 87,087,429</u>	<u>\$ (54,334,370)</u>	<u>\$ 1,009,373</u>	<u>\$ 11,575,184</u>	<u>\$ (80,200)</u>	<u>\$ (87,831)</u>	<u>\$ (10,908,341)</u>	<u>\$ 1,555,454</u>	\$ 35,816,698

Independent Auditor's Report

To the Members of Council of the Corporation of the City of Sarnia

Opinion

We have audited the trust fund financial statements of the Corporation of the City of Sarnia (the Municipality), which comprise the statement of financial position as at December 31, 2024, and the statement of continuity of trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the City of Sarnia as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

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 Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Municipality to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing

standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements - continued

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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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
Windsor, Ontario
August 18, 2025

THE CORPORATION OF THE CITY OF SARNIA TRUST FUND

Statement of Continuity of Trust Fund Year ended December 31, 2024

	2024 Total	2023 Total
FUND BALANCE, BEGINNING OF YEAR	\$ 13,610	\$ 12,888
REVENUES		
Interest earned	685	722
FUND BALANCE, END OF YEAR	\$ 14,295	\$ 13,610

Statement of Financial Position as at December 31, 2024

	2024 Total	2023 Total
ASSETS		
Trust funds, amounts held with the Corporation of the City of Sarnia	\$ 14,295	\$ 13,610
FUND BALANCE	\$ 14,295	\$ 13,610

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE CITY OF SARNIA TRUST FUND

Notes to the Financial Statements For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

The Trust Fund financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of CPA Canada. Precise determination of some assets and liabilities may be dependent upon future events and involves the use of estimates and approximations. These estimates have been based upon the information available using careful judgment and review.

(a) Basis of Accounting

- i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- ii) The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures 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.

2. NATURE OF TRUST FUND

The Cemetery Care and Maintenance trust fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

3. STATEMENT OF CHANGE IN CASH FLOWS

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.