

**The Corporation of the
Township of Strong**

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

December 31, 2024

The Corporation of the Township of Strong

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 Township of Strong (the "Township") are the responsibility of the Township'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.

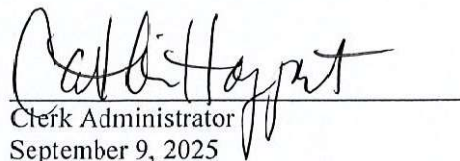
The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of 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 Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Treasurer

September 9, 2025



Clerk Administrator

September 9, 2025

Baker Tilly SNT LLP / s.r.l.

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Strong

Opinion

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

ACCOUNTING • TAX • ADVISORY

Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

Other Matter

The financial statements of The Corporation of the Township of Strong for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion of those statements on August 20, 2024.

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 Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.

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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

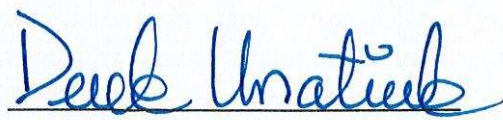
North Bay, Ontario
September 9, 2025

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Township of Strong
Consolidated Statement of Financial Position
December 31, 2024

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash (note 4)	\$ 1,558,014	\$ 1,639,567
Other investments (note 5)	653,163	566,669
Taxes receivable (note 6)	269,358	252,775
Accounts receivable (note 7)	<u>386,150</u>	<u>395,708</u>
	<u>2,866,685</u>	<u>2,854,719</u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	564,423	626,388
Deferred revenues - other (note 9)	27,372	61,594
Deferred revenues - obligatory reserve funds (note 10)	318,311	74,006
Municipal debt (note 11)	1,946,266	2,078,141
Employee future benefits payable (note 12)	73,477	59,433
Asset retirement obligations (note 13)	<u>765,178</u>	<u>733,128</u>
	<u>3,695,027</u>	<u>3,632,690</u>
Net Debt	<u>(828,342)</u>	<u>(777,971)</u>
Non-Financial Assets		
Tangible capital assets (note 14)	15,746,686	16,010,509
Prepaid expenses	51,450	24,453
Inventories of supplies	<u>195,693</u>	<u>215,915</u>
	<u>15,993,829</u>	<u>16,250,877</u>
Accumulated Surplus (note 15)	<u>\$ 15,165,487</u>	<u>\$ 15,472,906</u>
Contingencies (note 16)		

Approved by:

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

The Corporation of the Township of Strong
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2024

	2024		2023
	Budget	Actual	Actual
	(Unaudited)		
Revenues			
Net taxation	\$ 3,085,749	\$ 3,111,457	\$ 2,900,596
User charges	181,435	173,500	81,720
Government grants and transfers - Provincial	875,415	852,731	979,096
Government grants and transfers - Federal	119,846	42,711	6,972
Government grants and transfers - Municipal	116,573	121,987	119,788
Other	901,397	460,081	324,328
Total revenues	5,280,415	4,762,467	4,412,500
Expenses			
General government	964,071	986,046	830,261
Protection services	710,481	677,199	612,074
Transportation services	2,041,965	2,092,672	1,891,979
Environmental services	540,533	512,347	501,735
Health services	552,804	528,117	495,943
Social and family services	253,476	247,544	240,144
Recreation and cultural services	455,928	403,692	368,556
Planning and development	104,219	62,735	53,437
Total expenses	5,623,477	5,510,352	4,994,129
Annual deficit before other	(343,062)	(747,885)	(581,629)
Other			
Government grants and transfers related to capital - Provincial	346,982	340,574	302,131
Government grants and transfers related to capital - Federal	98,470	99,892	167,984
Annual surplus (deficit)	102,390	(307,419)	(111,514)
Accumulated surplus, beginning of year	15,472,906	15,472,906	15,584,420
Accumulated surplus, end of year	\$ 15,575,296	\$ 15,165,487	\$ 15,472,906

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

The Corporation of the Township of Strong
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Operating transactions		
Annual deficit	\$ (307,419)	\$ (111,514)
Cash provided by (applied to)		
Non-cash items:		
Accretion expense	32,050	24,564
Amortization of tangible capital assets	1,092,678	867,084
Loss (gain) on disposal of tangible capital assets	(525)	5,733
Change in non-cash working capital balances		
Increase in taxes receivable	(16,583)	(22,386)
Decrease in accounts receivable	9,558	658,760
Increase (decrease) in accounts payable and accrued liabilities	(61,965)	29,134
Decrease in deferred revenues - other	(34,222)	(32,401)
Increase (decrease) in deferred revenues - obligatory reserve funds	244,305	(44,005)
Increase (decrease) in employee future benefits payable	14,044	(27,859)
Increase in prepaid expenses	(26,997)	(22,133)
Decrease (increase) in inventories of supplies	20,222	(27,736)
Cash provided by operating transactions	<u>965,146</u>	<u>1,297,241</u>
Capital transactions		
Acquisition of tangible capital assets	(835,239)	(2,102,920)
Proceeds on disposal of tangible capital assets	6,909	10,000
Cash applied to capital transactions	<u>(828,330)</u>	<u>(2,092,920)</u>
Investing transactions		
Disposition (acquisition) of other investments	(86,494)	626,716
Cash provided by (applied to) investing transactions	<u>(86,494)</u>	<u>626,716</u>
Financing transactions		
Municipal debt issued	149,486	970,000
Municipal debt repaid	(281,361)	(128,419)
Cash provided by (applied to) financing transactions	<u>(131,875)</u>	<u>841,581</u>
Increase (decrease) in cash	(81,553)	672,618
Cash, beginning of year	<u>1,639,567</u>	<u>966,949</u>
Cash, end of year	<u><u>\$ 1,558,014</u></u>	<u><u>\$ 1,639,567</u></u>

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

The Corporation of the Township of Strong
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 (deficit)	\$ 102,390	\$ (307,419)	\$ (111,514)
Amortization of tangible capital assets	1,092,678	1,092,678	867,084
Loss (gain) on disposal of tangible capital assets	-	(525)	5,733
Proceeds on disposal of tangible capital assets		6,909	10,000
Acquisition of tangible capital assets	(1,769,585)	(835,239)	(2,102,920)
Revaluation of tangible capital assets - asset retirement obligations	-	-	(185,740)
Change in prepaid expenses	-	(26,997)	(22,133)
Change in inventories of supplies	-	20,222	(27,736)
Increase in net debt	(574,517)	(50,371)	(1,567,226)
Net financial assets (debt), beginning of year	(777,971)	(777,971)	789,255
Net debt, end of year	<u><u>\$ (1,352,488)</u></u>	<u><u>\$ (828,342)</u></u>	<u><u>\$ (777,971)</u></u>

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

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies

These consolidated financial statements of the Township 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 Township and include the activities of all committees of Council, the Sundridge and District Medical Centre, the Sundridge-Strong-Joly Arena & Hall, the Sundridge-Strong Fire Department, the Sundridge-Strong Union Public Library, the Sundridge-Strong-Joly Recreation Committee, the Burk's Falls, Joly, Machar, Ryerson, South River, Strong and Sundridge Joint Building Committee and the Almaguin Community Economic Development.

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

(ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

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

(iii) Accounting for School Board Transactions

The Township is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Township 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.

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ii) Cash

The Township's policy is to disclose bank balances under cash, 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 Funds

The Township 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 Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred. Obligations for sick leave and employee retirement gratuities are accrued as the eligible employees render the services necessary to earn the benefits.

(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.

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Asset Retirement Obligations (Continued)

Asset retirement obligations are only recognized when there is a legal obligation for the Township 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 Township 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 Township 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 Township:

General Government

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

Protection Services

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

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information (Continued)

Transportation Services

Transportation services are responsible for roadway systems and winter control.

Environmental Services

Environmental services include waste and recycling services.

Health Services

Health services include public health services, land ambulance and cemetery services.

Social and Family Services

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

Recreation and Cultural Services

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

Planning and Development

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

(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.

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets (Continued)

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	20 to 60 years
Buildings	20 to 50 years
Machinery, equipment and furniture	5 to 20 years
Vehicles	2 to 30 years
Roads	10 to 60 years
Bridges	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.

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 of Supplies

Inventories of supplies 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.

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

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

Other revenues are recognized as revenue when earned.

(x) Government Grants and Transfers

Government grants and transfers are recognized in the consolidated 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.

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

December 31, 2024

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(xi) Use of 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, other investments, accounts receivable, taxes receivable, 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 Township'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 sick leave and retirement allowances are based on estimates of retirement ages of employees.

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.

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

December 31, 2024

3. Change in Accounting Policies

On January 1, 2024, the Township 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

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

5. Other Investments

	<u>2024</u>	<u>2023</u>
Guaranteed Investment Certificates maturing between June 4, 2025 and July 5, 2026 bearing interest at rates between 2.25 % and 5.40%	\$ 183,167	\$ 123,766
Corporate bonds and principal protected notes maturing between June 30 2025 and May 3, 2026 bearing interest from 1.93% to 4.86% (market value \$487,170 (2023 - \$434,393))	<u>469,996</u>	<u>442,903</u>
	<u>\$ 653,163</u>	<u>\$ 566,669</u>

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
December 31, 2024

6. Taxes Receivable

	<u>2024</u>	<u>2023</u>
Current year	\$ 195,253	\$ 187,904
Previous year	49,364	46,981
Prior years	9,315	5,228
Penalties and interest	17,426	14,662
Valuation allowance	<u>(2,000)</u>	<u>(2,000)</u>
	<u><u>\$ 269,358</u></u>	<u><u>\$ 252,775</u></u>

7. Accounts Receivable

	<u>2024</u>	<u>2023</u>
Federal government	\$ 66,271	\$ 157,002
Province of Ontario	222,894	91,006
Other Municipalities	10,401	24,229
School Boards	1,382	1,381
Other	<u>85,202</u>	<u>122,090</u>
	<u><u>\$ 386,150</u></u>	<u><u>\$ 395,708</u></u>

8. Accounts Payable and Accrued Liabilities

	<u>2024</u>	<u>2023</u>
Federal government	\$ 4,550	\$ -
Province of Ontario	71,912	20,810
Other Municipalities	78,825	32,419
Trade payables	103,589	286,653
Interest payable	7,668	7,711
Other	<u>297,879</u>	<u>278,795</u>
	<u><u>\$ 564,423</u></u>	<u><u>\$ 626,388</u></u>

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

December 31, 2024

9. Deferred Revenues - Other

Deferred revenues set-aside for specific purposes are comprised of the following:

	Balance as at December 31, 2023	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2024
Ontario Cannabis Legalization Implementation Fund	\$ 15,817	\$ -	\$ 8,233	\$ 7,584
Sundridge and District Medical Centre	29,831	198,604	219,394	9,041
Northern Ontario Resource Development Support Fund	-	85,958	85,958	-
Ontario Community Infrastructure Fund	-	114,317	114,317	-
Other	15,946	3,545	8,744	10,747
Total Deferred Revenues - Other	\$ 61,594	\$ 402,424	\$ 436,646	\$ 27,372

10. Deferred Revenues - Obligatory Reserve Funds

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	Balance as at December 31, 2023	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2024
Recreational land (the Planning Act)	\$ 4,887	\$ 150,178	\$ -	\$ 155,065
Building Code Act	69,119	94,127	-	163,246
Canada Community - Building Fund	-	99,892	99,892	-
Total Deferred Revenues - Obligatory Reserve Funds	\$ 74,006	\$ 344,197	\$ 99,892	\$ 318,311

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
December 31, 2024

11. Municipal Debt

	<u>2024</u>	<u>2023</u>
Debenture loan, repayable in monthly instalments of \$6,873, including interest at the fixed rate of 1.21%, maturing August 16, 2026	\$ 136,030	\$ 216,341
Term loan, repayable in monthly instalments of \$9,724, including interest at the fixed rate of 6.25%, maturing December 11, 2026	412,057	500,000
Debenture loan, repayable in monthly instalments of \$7,329, including interest at the fixed rate of 3.79%, maturing September 1, 2027	114,664	153,490
Term loan, repayable in monthly instalments of \$2,889, including interest at the fixed rate of 5.99%, maturing January 1, 2029	125,315	-
Debenture loan, repayable in monthly instalments of \$4,898, including interest at the fixed rate of 4.62%, maturing December 31, 2033	432,140	470,000
Debenture loan, repayable in semi-annual instalments of \$47,103, including interest at the fixed rate of 4.74%, maturing November 3, 2052	<u>726,060</u>	<u>738,310</u>
	<u>\$ 1,946,266</u>	<u>\$ 2,078,141</u>

Principal instalments required to be paid over the next five years are as follows:

2025	\$ 295,616
2026	499,694
2027	121,508
2028	93,709
2029	66,036
Thereafter	<u>869,703</u>
Total	<u><u>\$ 1,946,266</u></u>

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

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12. Employee Future Benefits Payable

Under the sick leave benefits policy, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Township's employment. The sick leave liability estimates the use of accumulated sick leave prior to retirement, as well as any lump sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum.

Under the retirement gratuity policy, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum.

	<u>2024</u>	<u>2023</u>
Sick leave	\$ 65,702	\$ 34,783
Retirement allowance	<u>7,775</u>	<u>24,650</u>
	<u>\$ 73,477</u>	<u>\$ 59,433</u>

13. Asset Retirement Obligations

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 733,128	\$ 522,824
Increase in liability reflecting changes in the estimated cash flows, inflation and discount rate	-	185,740
Accretion expense	<u>32,050</u>	<u>24,564</u>
Balance, end of year	<u>\$ 765,178</u>	<u>\$ 733,128</u>

The asset retirement obligation is as follows:

	<u>2024</u>	<u>2023</u>
Landfill	\$ 742,428	\$ 711,337
Asbestos removal	<u>22,750</u>	<u>21,791</u>
	<u>\$ 765,178</u>	<u>\$ 733,128</u>

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

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13. Asset Retirement Obligations (Continued)

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.

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 2011.

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2024					
Forest Lake Road	68% (226,514 m ³)	174 years	25 years	2.60%	4.40%
Muskoka Road	33% (30,496 m ³)	33 years	25 years	2.60%	4.40%
2023					
Forest Lake Road	69% (227,816 m ³)	175 years	25 years	2.60%	4.40%
Muskoka Road	34% (31,420 m ³)	34 years	25 years	2.60%	4.40%

Asbestos removal

The Township owns buildings which contain asbestos, and therefore, the Township 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. A discount rate of 4.4% (2023 - 4.4%) and inflation rate of 2.6% (2023 - 2.6%) has been used in the calculation.

The Corporation of the Township of Strong

14. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value	
	Balance, beginning of year	Additions	Transfers / Disposals	Balance, end of year	Balance, beginning of year	Disposals	December 31, 2024	December 31, 2023
Land and land improvements	\$ 1,367,196	\$ 128,278	\$ 6,555	\$ 1,502,029	\$ 301,976	\$ (167)	\$ 1,076,437	\$ 1,065,220
Buildings	3,326,370	22,517	(7,183)	3,341,704	1,056,146	(1,724)	2,215,373	2,270,224
Machinery, equipment and furniture	1,569,699	148,655	(52,981)	1,665,373	919,952	(53,788)	713,646	649,747
Vehicles	2,629,919	148,598	(35,156)	2,743,361	1,118,377	(33,774)	1,473,310	1,511,542
Roads and bridges	20,918,450	327,916	-	21,246,366	11,208,958	-	9,411,433	9,709,492
Work in progress	804,284	59,275	(7,072)	856,487	-	-	856,487	804,284
	\$ 30,615,918	\$ 835,239	\$ (95,837)	\$ 31,355,320	\$ 14,605,409	\$ (89,453)	\$ 15,746,686	\$ 16,010,509

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
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15. Accumulated Surplus

	<u>2024</u>	<u>2023</u>
Surplus		
Invested in tangible capital assets	\$ 15,746,686	\$ 16,010,509
General (see note (a) below)	(455,343)	(307,490)
Berriedale Cemetery	7,571	7,571
Pevensey Cemetery	965	965
Strong Cemetery	673	673
Sundridge-Strong-Joly Arena & Hall	45,571	50,337
Sundridge-Strong Union Public Library	4,782	180
Sundridge and District Medical Centre	7,892	37,001
Almaguin Community Economic Development	5,562	5,397
Unfunded liabilities		
Municipal debt	(1,946,266)	(2,078,141)
Asset retirement obligations	(765,178)	(733,128)
Employee future benefits payable	(73,477)	(59,433)
Total surplus	<u>12,579,438</u>	<u>12,934,441</u>
Reserves		
Arena	17,195	16,195
Berriedale Cemetery	1,139	1,139
Buildings	111,802	129,152
Community Hub	179,052	218,887
Election	14,999	14,999
Fire	212,500	-
Infrastructure	109,497	109,497
Landfill capital	41,600	41,600
Landfill closure	259,078	259,078
Library	26,449	26,449
Medical Centre	366,366	426,546
Muskoka Algonquin Health Centre	30,000	15,000
Recreation facility	50,000	50,000
Roads	549,114	588,616
Strong Cemetery	4,895	4,895
Tax arrears coverage	323,781	323,781
Working capital	288,582	312,631
Total reserves	<u>2,586,049</u>	<u>2,538,465</u>
Accumulated Surplus	<u><u>\$ 15,165,487</u></u>	<u><u>\$ 15,472,906</u></u>

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
December 31, 2024

15. Accumulated Surplus (Continued)

(a) General Deficit:

The general deficit of \$(455,343) (2023 - \$(307,490)) at the end of the year is comprised of the following:

	<u>2024</u>	<u>2023</u>
Opening balance	\$ (307,490)	\$ (76,920)
Annual deficit	(307,419)	(111,514)
Transfer to reserves	(47,584)	(159,039)
Net change in tangible capital assets	263,823	(1,405,843)
Increase in unfunded liabilities	(85,781)	1,024,026
Net change in Sundridge-Strong-Joly Arena & Hall	4,766	(32,244)
Net change in Sundridge-Strong Union Public Library	(4,602)	901
Net change in Sundridge and District Medical Centre	29,109	449,148
Net change in Almaguin Community Economic Development	<u>(165)</u>	<u>3,995</u>
Closing balance	<u><u>\$ (455,343)</u></u>	<u><u>\$ (307,490)</u></u>

16. Contingencies

Legal Matters

The Township 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 Township's consolidated financial position.

The Corporation of the Township of Strong
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>\$ 640,593</u>	<u>\$ 633,743</u>
Total amounts received or receivable	<u>640,593</u>	633,743
Requisitions	<u>640,593</u>	<u>633,743</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

18. Contributions to Unconsolidated Joint Local Boards

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

	<u>2024</u>	<u>2023</u>
District of Parry Sound Social Services Administration Board	<u>\$ 136,496</u>	<u>\$ 132,020</u>
District of Parry Sound (East) Home for the Aged	<u>109,572</u>	106,648
North Bay Parry Sound District Health Unit	<u>46,169</u>	<u>44,823</u>
	<u><u>\$ 292,237</u></u>	<u><u>\$ 283,491</u></u>

19. Pension Agreements

The Township 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.

The Corporation of the Township of Strong

Notes to the Consolidated Financial Statements

December 31, 2024

19. Pension Agreements (Continued)

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 Township does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Township to OMERS for 2024 was \$115,966 (2023 - \$118,231) 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.

20. Financial Instruments

Risks arising from financial instruments and risk management

The Township 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 Township is exposed to credit risk to the extent that accounts receivable and taxes receivable are not collected in a timely manner. The Township's financial assets consisting of cash, other investments, accounts receivable, and taxes receivable are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the maximum credit risk of the Township at the date of the consolidated statement of financial position. The Township does not believe it is subject to significant credit risk.

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
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20. Financial Instruments (Continued)

Liquidity risk

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

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Township 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 Township's financial instruments consisting of cash, other investments, accounts receivable, taxes receivable, accounts payable and accrued liabilities, and municipal debt are subject to market risk. The Township 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 based on a model used to manage departmental spending within the guidelines of the model. Given the differences between the model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this 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	1,769,585	3,232,468
Municipal debt repaid	285,972	215,272
Contributions to reserves	37,405	-
Increase in general surplus	-	67,710
Less: Amortization of tangible capital assets	(1,092,678)	(867,084)
Municipal debt issued	-	(1,805,164)
Accretion expense	-	(24,565)
Contributions from reserves	(820,289)	(499,351)
Decrease in local board general surplus	<u>(77,605)</u>	<u>(510,789)</u>
Budget surplus (deficit) per consolidated statement of operations and accumulated surplus	<u>\$ 102,390</u>	<u>\$ (191,503)</u>

The Corporation of the Township of Strong
Notes to the Consolidated Financial Statements
December 31, 2024

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.

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Notes to the Consolidated Financial Statements
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23. Segmented Information

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	2024 Total
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,111,457	\$ 3,111,457
User charges	4,818	78,258	1,300	47,650	4,148	-	35,526	1,800	-	173,500
Government grants and transfers - Provincial	-	8,290	19,225	64,320	197,989	-	6,420	6,587	549,900	852,731
Government grants and transfers - Federal	-	-	-	-	-	-	19,384	23,327	-	42,711
Government grants and transfers - Municipal	-	11,320	-	109,967	200	-	500	-	-	121,987
Other	29,826	12,937	60,549	12,942	95,201	-	91,854	982	155,790	460,081
Total revenues	34,644	110,805	81,074	234,879	297,538	-	153,684	32,696	3,817,147	4,762,467
Expenses										
Salary, wages and employee benefits	559,467	188,013	462,019	260,013	75,543	-	157,870	46,896	-	1,749,821
Interest on municipal debt	-	-	59,599	-	34,778	-	5,025	-	-	99,402
Materials	90,718	109,251	748,276	67,398	55,688	-	135,929	11,515	-	1,218,775
Contracted services	302,039	335,278	1,587	39,616	249,161	-	29,038	4,071	-	960,790
Rents, financial expenses and accretion expense	4,318	1,904	66	31,091	34,651	-	22,119	-	-	94,149
External transfers	1,024	-	-	-	46,169	-	-	-	-	294,737
Amortization of tangible capital assets	28,480	42,753	821,125	114,229	32,127	-	53,711	253	-	1,092,678
Total expenses	986,046	677,199	2,092,672	512,347	528,117	247,544	403,692	62,735	-	5,510,352
Annual surplus (deficit) before other	(951,402)	(566,394)	(2,011,598)	(277,468)	(230,579)	(247,544)	(250,008)	(30,039)	3,817,147	(747,885)
Other										
Government grants and transfers related to capital - Provincial	-	8,233	332,341	-	-	-	-	-	-	340,574
Government grants and transfers related to capital - Federal	-	-	99,892	-	-	-	-	-	-	99,892
Annual surplus (deficit)	\$ (951,402)	\$ (558,161)	\$ (1,579,365)	\$ (277,468)	\$ (230,579)	\$ (247,544)	\$ (250,008)	\$ (30,039)	\$ 3,817,147	\$ (307,419)

The Corporation of the Township of Strong
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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	Unallocated Amounts	2023 Total
Revenues										
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,900,596	\$ 2,900,596
User charges	3,494	32,380	1,000	19,075	2,216	-	21,255	2,300	-	81,720
Government grants and transfers - Provincial	42,946	13,361	25,475	76,028	244,716	-	17,594	8,776	550,200	979,096
Government grants and transfers - Federal	-	-	-	-	-	-	(9,435)	16,407	-	6,972
Government grants and transfers - Municipal	-	13,382	-	104,730	200	-	500	976	-	119,788
Other	31,353	5,412	6,489	25,051	77,677	-	47,882	2,286	128,178	324,328
Total revenues	77,793	64,535	32,964	224,884	324,809	-	77,796	30,745	3,578,974	4,412,500
Expenses										
Salary, wages and employee benefits	492,351	146,491	466,969	214,667	73,271	-	170,305	34,952	-	1,599,006
Interest on municipal debt	-	-	5,714	-	35,342	-	6,471	-	-	47,527
Materials	90,346	89,969	657,268	130,220	52,912	-	99,001	5,076	-	1,104,792
Contracted services	217,742	334,177	39,253	111,837	276,987	-	25,299	13,179	-	1,018,474
Rents, financial expenses and accretion expense	3,974	26	16,164	23,646	8,245	-	17,655	-	-	69,710
External transfers	2,294	-	-	-	44,823	240,144	275	-	-	287,536
Amortization of tangible capital assets	23,554	41,411	706,611	21,365	24,363	-	49,550	230	-	867,084
Total expenses	830,261	612,074	1,891,979	501,735	495,943	240,144	368,556	53,437	-	4,994,129
Annual surplus (deficit) before other	(752,468)	(547,539)	(1,859,015)	(276,851)	(171,134)	(240,144)	(290,760)	(22,692)	3,578,974	(581,629)
Other										
Government grants and transfers related to capital - Provincial	-	-	225,101	-	-	-	77,030	-	-	302,131
Government grants and transfers related to capital - Federal	-	-	95,245	-	-	-	72,739	-	-	167,984
Annual surplus (deficit)	\$ (752,468)	\$ (547,539)	\$ (1,538,669)	\$ (276,851)	\$ (171,134)	\$ (240,144)	\$ (140,991)	\$ (22,692)	\$ 3,578,974	\$ (111,514)