

**The Corporation of the Municipality of  
Strathroy-Caradoc**  
Consolidated Financial Statements  
For the year ended December 31, 2024

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The Corporation of the Municipality of Strathroy-Caradoc

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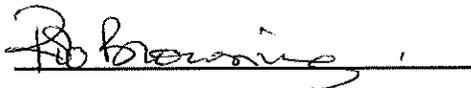
**MANAGEMENT'S RESPONSIBILITY FOR THE  
CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of The Corporation of the Municipality of Strathroy-Caradoc (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the 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 MNP LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion of the Municipality's consolidated financial statements.



Chief Administrative Officer  
Rob Browning



Director of Finance & IT/Treasurer  
Bill Dakin

To the Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Strathroy-Caradoc:

## Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and the results of its operations, changes in its net financial assets and its 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 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.

## Other Matter

The financial statement for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on May 5, 2025.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

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.
- 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 financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

London, Ontario

August 15, 2025

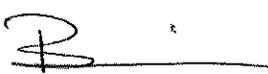
Chartered Professional Accountants

Licensed Public Accountants

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Financial Position**

December 31	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 66,755,165	\$ 44,352,984
Taxes receivable (Note 3)	2,533,908	2,348,397
Accounts receivable	13,212,010	11,702,457
Portfolio investments (Note 4)	4,404,900	24,297,628
Long-term receivables (Note 5)	<u>1,783,927</u>	<u>231,290</u>
	<u>88,689,910</u>	<u>82,932,756</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	10,332,850	10,220,352
Deferred revenue (Note 8)	23,894,867	22,957,044
Employee future benefits (Note 9)	2,600,100	2,560,200
Net long-term debt (Note 10)	9,199,793	6,955,763
Asset retirement obligation (Note 11)	<u>428,128</u>	<u>419,920</u>
	<u>46,455,738</u>	<u>43,113,279</u>
<b>Net financial assets</b>	<u>42,234,172</u>	<u>39,819,477</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 12)	215,713,023	184,129,892
Capital work in progress	16,981,943	27,131,210
Land held for resale	1,741,621	2,217,661
Prepaid expenses	<u>108,201</u>	<u>139,742</u>
	<u>234,544,788</u>	<u>213,618,505</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 276,778,960</u>	<u>\$ 253,437,982</u>

Contingent liabilities (Note 14)  
 Commitments (Note 15)

 <hr style="width: 100%;"/>	Treasurer	 <hr style="width: 100%;"/>	Mayor
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**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Operations**

For the year ended December 31	Budget 2024 (Note 18)	2024	2023
<b>Revenue</b>			
Taxation	\$24,531,605	\$23,310,336	\$ 22,162,208
User fees and service charges	17,711,421	18,199,127	17,437,823
Government transfers - operating (Note 17)	1,962,831	1,888,000	1,879,606
Investment income	2,105,539	1,683,727	2,166,024
Penalty and interest on taxes	253,000	316,998	259,486
Other	563,769	2,869,965	1,552,171
	<u>47,128,165</u>	<u>48,268,153</u>	<u>45,457,318</u>
<b>Expenses</b>			
General government	7,865,127	4,310,089	4,349,756
Protection services	10,910,849	11,922,807	11,176,007
Transportation services	4,743,652	4,970,300	4,708,637
Environmental services	8,815,570	9,192,134	8,698,523
Health services	364,037	351,660	289,034
Social housing	1,769,150	853,035	452,158
Recreation and cultural services	5,837,441	5,866,463	5,410,067
Planning and development	2,562,589	1,191,766	1,918,845
	<u>42,868,415</u>	<u>38,658,254</u>	<u>37,003,027</u>
<b>Annual surplus before other</b>	<u>4,259,750</u>	<u>9,609,899</u>	<u>8,454,291</u>
<b>Other Revenues (Expenses)</b>			
Government transfers related to capital (Note 17)	1,981,320	3,811,539	9,778,815
User fees, developer and other contributions related to capital	26,649,311	9,940,141	7,030,263
Gain on disposal of capital assets	-	19,299	738,375
Increase in employee future benefits	-	(39,900)	(45,500)
	<u>28,630,631</u>	<u>13,731,079</u>	<u>17,501,953</u>
<b>Annual surplus</b>	<u>32,890,381</u>	<u>23,340,978</u>	<u>25,956,244</u>
<b>Accumulated surplus, beginning of year</b>	<u>253,437,982</u>	<u>253,437,982</u>	<u>227,481,738</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 286,328,363</u>	<u>\$ 276,778,960</u>	<u>\$253,437,982</u>

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2024 (Note 18)	2024	2023
Annual surplus	\$ 32,890,381	\$ 23,340,978	\$ 25,956,244
Acquisition of tangible capital assets	(32,393,300)	(37,769,160)	(21,333,387)
Amortization of tangible capital assets	6,153,428	6,153,428	5,639,715
Gain on disposal of tangible capital assets	-	(19,299)	(738,375)
Proceeds from sale of tangible capital assets	-	51,900	892,046
Decrease (increase) in work in progress	-	10,149,267	(15,639,456)
Decrease (increase) in prepaid expenses	-	31,541	(120,282)
Decrease in land held for resale	-	476,040	290,883
<b>Net change in net financial assets</b>	<b>6,650,509</b>	<b>2,414,695</b>	<b>(5,052,612)</b>
<b>Net financial assets, beginning of year</b>	<b>39,819,477</b>	<b>39,819,477</b>	<b>44,872,089</b>
<b>Net financial assets, end of year</b>	<b>\$ 46,469,986</b>	<b>\$ 42,234,172</b>	<b>\$ 39,819,477</b>

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Cash Flows**

For the year ended December 31	2024	2023
<b>Operating activities</b>		
Annual surplus	\$ 23,340,978	\$ 25,956,244
Items not involving cash		
Accretion expense of asset retirement obligation	10,640	10,321
Amortization	6,153,428	5,639,715
Gain on disposal of tangible capital assets	(19,299)	(738,375)
Employee future benefits	39,900	45,500
Asset retirement obligation	(2,432)	(3,752)
Changes in non-cash operating balances		
Taxes receivable	(185,511)	(823,078)
Accounts receivable	(1,509,553)	(490,940)
Land held for resale	476,040	290,883
Long-term receivables	(1,552,637)	9,975
Prepaid expenses	31,541	(120,282)
Accounts payable and accrued liabilities	112,498	3,227,076
Deferred revenue	937,823	(1,799,275)
	<u>27,833,416</u>	<u>31,204,012</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(37,769,160)	(21,333,387)
Decrease (increase) in work in progress	10,149,267	(15,639,456)
Proceeds from sale of tangible capital assets	51,900	892,046
	<u>(27,567,993)</u>	<u>(36,080,797)</u>
<b>Investing activities</b>		
Decrease (increase) in portfolio investments	19,892,728	(20,084,127)
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	2,933,913	4,919,350
Repayment of long-term debt	(689,883)	(737,770)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>22,402,181</b>	<b>(20,779,332)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>44,352,984</b>	<b>65,132,316</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 66,755,165</b>	<b>\$ 44,352,984</b>

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

**December 31, 2024**

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The Corporation of the Municipality of Strathroy-Caradoc (the "Municipality") is a municipality in the Province of Ontario that operates under the provisions of the Municipal Act, 2001. Incorporated as the Village of Strathroy in 1860, it became the Town of Strathroy in 1872. The Township of Caradoc was originally surveyed around 1821 and was settled shortly thereafter. On January 1, 2021, the Town of Strathroy and the Township of Caradoc amalgamated to form the Municipality of Strathroy-Caradoc.

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

**Basis of Consolidation** The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Municipality of Strathroy-Caradoc and all committees of Council, including the Strathroy Business Improvement Area, Caradoc Housing Corporation, and the Municipality's proportionate share (85%) of the Tri-Township Arena Board.

All interfund asset, liabilities, revenues and expenditures have been eliminated on consolidation.

### Joint Local Board

The Lake Huron Area Primary Water Supply system has been consolidated on a proportionate basis based upon the water flow of the municipality in proportion to the entire flows provided by the joint board. 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 4.20% (2023 - 4.35%).

**Basis of Accounting** The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates are used with accounting for items such as accounts receivable, accrued liabilities, post-retirement and post-employment benefits, tangible capital assets and asset retirement obligations.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

December 31, 2024

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### Tangible Capital Assets

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

Land improvements	10 to 50 years
Buildings	50 to 60 years
Fleet	8 to 30 years
Equipment	5 to 30 years
Infrastructure - environmental	50 to 80 years
Infrastructure - roads	50 to 100 years

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

### Collection of Taxes on Behalf of Other Taxation Authorities

The Municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

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

- The Corporation of the County of Middlesex
- London District Catholic School Board
- Thames Valley District School Board
- Conseil Scolaire Viamonde
- Le Conseil Des Ecoles Catholiques

### Trust Funds

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

### Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

December 31, 2024

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### Retirement Benefits and Other Employee Benefit Plans

The Municipality provides certain benefits which will require funding in future periods. These benefits include life insurance, and extended health and dental benefits for early retirees.

The costs of life insurance, and 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.

The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee groups.

The cost of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pension, are the employer's contributions due to the plan in the period.

### Budget Figures

Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2024 is reflected on the Consolidated Statement of Operations.

Budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts.

Budget figures include the impact of amortization expense, employee future benefits, landfill closure and post closure costs and consolidated revenues and expenses of the Strathroy Business Improvement Area, Caradoc Housing Corporation, Tri-Township Arena and Lake Huron Area Primary Water Supply.

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB"), certain budgeted amounts have been reclassified to reflect the presentation under PSAB.

### Accumulated Surplus

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

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

December 31, 2024

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**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

**Revenue Recognition** 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 Council, incorporating amounts to be raised for local services, the requisition made by the County of Middlesex 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. Part of the assessment process are 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 billings. Assessments and related property taxes are subject to appeal. Each year, management provides a best estimate of the effect of supplementary assessments and tax appeals on taxation revenue.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

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.

Revenue from transactions with performance obligations is recognized when the Municipality satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

Revenue from transactions with performance obligations satisfied at a point in time include water and sewer usage, facility rentals, permits, inspections and licenses, and all other sales of services and other revenues. The Municipality recognizes revenue when control of the benefits associated with the service has passed to the payor.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

December 31, 2024

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### Revenue Recognition (continued)

Revenue from transactions with performance obligations satisfied over a period of time include waste collection. The Municipality recognizes revenue at the time the interim and final property tax bills are issued (which include a charge for waste collection) when control of the benefits associated with the service event passes to the payor over a period of time.

Transaction prices are reviewed and approved annually by Council in the Fees and Charges Bylaw. There have been no changes in the year, to the methods and assumptions used to determine transaction prices.

Sales of service and other revenue is recognized when the amount is determinable, collectibility is assured and the service is provided.

Investment income earned on surpluses, reserves and reserve funds are reported as revenue in the period earned.

### Asset Retirement Obligation

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

### Related Party Transactions

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties. Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the consolidated financial statements.

### Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. These assets can have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

December 31, 2024

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**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

The fair value instruments that are measured subsequent to initial recognition at fair value are grouped into Level 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.

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

As the Municipality has no applicable financial instruments recognized at fair value, the Municipality does not have a Statement of Remeasurement Gains and Losses.

### Amortized Cost

This category includes portfolio investments, accounts receivable, long-term receivables, accounts payable and accrued liabilities, and long-term debt. They are initially recorded 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 the 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.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

December 31, 2024

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### 1. Change in Accounting Policy

#### PS 3400 - Revenue

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

Previously, revenue was recognized when the amount is determinable, collectibility is assured and the service has been provided. Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions", as described in Note the Summary of Significant Accounting Policies.

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

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### 2. Cash and Cash Equivalents

The Municipality's bank accounts are maintained at chartered banks. Interest rates on the cash and equivalents range from the bank's prime rate less 1.75% to 5.19%. The Municipality has established a bank operating line of credit of up to \$3,630,000 bearing interest at the bank's prime rate. At December 31, 2024, the Municipality had a balance owing of \$nil (2023 - \$nil).

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### 3. Taxes receivable

As at December 31, 2024, the taxes receivable are as follows:

	2024	2023
Taxes receivable	\$ 2,422,976	\$ 2,265,703
Penalties and interest	110,932	82,694
Total	<u>\$ 2,533,908</u>	<u>\$ 2,348,397</u>

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### 4. Portfolio Investments

The Municipality's portfolio investments include guaranteed investment certificates with a carrying value of \$3,644,400 (2023 - \$23,454,644) and market value of \$3,727,100 (2023 - \$23,454,644), and mutual funds with a carrying value of \$760,500 (2023 - \$842,984) and market value of \$788,602 (2023 - \$784,023). These investments are recorded at amortized cost. Interest rates on the guaranteed investment certificates range from 1.33% to 5.19%. Maturity dates of the guaranteed investment certificates range from February 2025 to November 2028. The income from these investments for the year was \$1,444,949 (2023 - \$84,127).

## The Corporation of the Municipality of Strathroy-Caradoc

### Notes to Consolidated Financial Statements

**December 31, 2024**

#### 5. Long-term receivables

In 2024, the Municipality sold 15.91 acres of industrial land to Burnbrae Farms Limited. As per the agreement of purchase and sale, \$1.6 million of the purchase price was deferred, and has been recorded as a long-term receivable. \$600,000 (30% of the purchase price) is due upon the Municipality issuing a building permit, and the remaining balance of \$1 million is due upon the Municipality issuing an occupancy permit. The receivable is non-interest bearing. As of December 31, 2024, a building permit had not been issued.

#### 6. 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.

	Fair Value	Amortized Cost	Total
<b>December 31, 2024</b>			
Cash	\$66,755,165	\$ -	\$66,755,165
Accounts receivable	-	13,212,010	13,212,010
Taxes receivable	-	2,533,908	2,533,908
Portfolio investments	-	4,404,900	4,404,900
Long-term receivables	-	1,783,927	1,783,927
Accounts payable and accrued liabilities	-	10,332,850	10,332,850
Long-term debt	-	9,199,793	9,199,793
	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Total</b>
<b>December 31, 2023</b>			
Cash	\$ 44,352,984	\$ -	\$ 44,352,984
Accounts receivable	-	11,702,457	11,702,457
Taxes receivable	-	2,348,397	2,348,397
Portfolio investments	-	24,297,628	24,297,628
Long-term receivables	-	231,290	231,290
Accounts payable and accrued liabilities	-	10,220,352	10,220,352
Long-term debt	-	6,955,763	6,955,763

Cash is a Level 1 fair value measurement which are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price.

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2024. There were also no transfers in our out of Level 3.

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**7. 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 principle when due. The Municipality is exposed to this risk relating to its cash, debt holdings in its investment portfolio, accounts receivable, taxes receivable and long-term receivables. The Municipality holds its cash accounts with a federally regulated chartered bank.

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

Accounts receivable are primarily due from Canada Revenue Agency, federal government grants, provincial grants, other municipal governments and residents of Strathroy-Caradoc. 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 Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. The amounts outstanding at year end were as follows:

	Total	Current	31-60 Days	31-90 Days	> 90 Days
Federal	\$ 3,034,612	\$ 3,034,612	\$ -	\$ -	-
Provincial	520,237	421,841	4,199	4,997	89,200
County	228,095	173,458	-	-	54,637
Other Municipal	2,429,694	2,429,694	-	-	-
Accrued investment income	89,023	89,023	-	-	-
Other	6,910,349	6,391,617	148,799	106,833	263,100
	<b>\$ 13,212,010</b>	<b>\$ 12,540,245</b>	<b>\$ 152,998</b>	<b>\$ 111,830</b>	<b>\$ 406,937</b>

Taxes receivable of \$2,533,908 have been outstanding for greater than 90 days.

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.

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2024**

**7. Financial Instruments Risk Management (continued)**

**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 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	\$ 10,332,850	\$ 10,332,850	\$ -	\$ -
Long-term debt	9,199,793	1,048,104	2,172,908	5,978,781
	<u>\$ 19,532,643</u>	<u>\$ 11,380,954</u>	<u>\$ 2,172,908</u>	<u>\$ 5,978,781</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.

**Interest Rate Risk**

Interest rate risk is the risk of potential loss caused by fluctuations in fair value of cashflow of financial instruments due to the changes in market interest rates. The Municipality is exposed to this risk through its interest-bearing investments and long-term debt. The Municipality manages this risk through investing in fixed-rate securities of various term maturities and plans to hold the securities to maturity, as well as entering into fixed-rate debt agreements.

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

December 31, 2024

**8. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community Building Fund	\$ 1,256,434	\$ 760,817	\$ 310,992	\$ (73,770)	\$ 2,254,473
Development charges	19,264,928	1,914,189	1,538,074	(3,214,910)	19,502,281
Parkland dedication	451,522	115,450	87,703	-	654,675
Other	1,984,160	4,685,140	137,803	(5,323,665)	1,483,438
	<u>\$ 22,957,044</u>	<u>\$ 7,475,596</u>	<u>\$ 2,074,572</u>	<u>\$ (8,612,345)</u>	<u>\$ 23,894,867</u>

Canada Community Building Fund (formerly - Federal gas tax)

Canada Community Building Fund (CCBF) - formerly federal gas tax, revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Association of Municipalities of Ontario. CCBF funding may be used towards public transit, wastewater infrastructure, drinking water, solid waste management, community energy systems, local roads and bridges, capacity building, highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport, recreation and fire halls, as specified in the funding agreements.

Development charges

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

Parkland dedication

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

Other

Funds include \$648,539 Police NG911 grant, \$395,645 OCIF grant, and \$79,283 MTO Cycling grant, which will be allocated to revenue as funds are spent on specified purposes (2023 - \$79,283 MTO Cycling grant, \$1,207,598 CFDC grant for Skills Development, and \$469,271 Police NG911 grant).

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**9. Employee Future Benefits**

The municipality provides certain employee benefits, which will require funding in future periods. These benefits include life insurance, and extended health and dental benefits for early retirees. An estimate of the future liabilities for these benefits has been actuarially determined and forms the basis for the estimated liability reported in these financial statements.

An actuarial valuation for accounting purposes is performed every three years using the projected benefit method prorated on services. The most recent actuarial valuation was performed at December 31, 2024. There is a net unamortized loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (17 years for post-retirement and 21 years for post-employment benefits).

	2024	2023
Post-retirement benefits	\$ 2,398,300	\$ 2,349,100
Post-employment benefits	201,800	211,100
Total	\$ 2,600,100	\$ 2,560,200

**(a) Post-Retirement Benefits**

The Municipality provides certain health and dental benefits on behalf of eligible retired employees up to the age of 65.

	2024	2023
Accrued benefit liability as at January 1	\$ 2,349,100	\$ 2,303,400
Current service cost	109,400	113,700
Interest cost	54,600	46,200
Estimated benefits paid	(114,800)	(114,200)
Total	\$ 2,398,300	\$ 2,349,100

**(b) Post-Employment Benefits**

The Municipality provides certain health and dental benefits on behalf of eligible members receiving long term disability benefits up to age 65.

	2024	2023
Accrued benefit liability as at January 1	\$ 211,100	\$ 211,300
Interest cost	14,600	14,900
Estimated benefits paid	(23,900)	(15,100)
Total	\$ 201,800	\$ 211,100

The actuarial estimate of the future liability of post-retirement and post-employment benefits assumes a discount rate of 4.3% (2023 - 2.45%) and inflation rates for benefit premiums of 2.0% (2023 - 2.0%). Dental cost increases are assumed at 4.0% per annum (2023 - 4.0%). In addition, extended healthcare premiums are assumed to increase by 8.0% in 2025, decreasing 0.5% per year until 2031, and increasing 5.0% per annum thereafter.

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2024**

**10. Net Long-term Debt**

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

	2024	2023
Total long-term liabilities incurred by the Municipality and outstanding at the end of the year amount to:	<b>\$ 9,199,793</b>	<b>\$ 6,955,763</b>

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

	Principal Repayments
2025	\$ 1,048,104
2026	850,570
2027	441,938
2028	440,199
2029	440,199
Thereafter	5,978,783
	<b>\$ 9,199,793</b>

The gross interest paid relating to the Municipality's long-term debt was \$62,143 (2023 - \$85,761). Interest rates on the debt range from 1.38% to 4.38%. All net long-term debt is payable in Canadian dollars, and matures from March 2025 to March 2034.

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

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**11. Asset Retirement Obligation**

The Municipality's financial statements include an asset retirement obligation for the asbestos that had been used in construction of certain Municipal buildings and facilities throughout its course of operations, and landfill post closure costs. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 3.0% (2023 - 3.0%). The estimated total undiscounted future expenditures are \$428,128 (2023 - \$419,920), which are to be incurred over the remaining useful life of the buildings and facilities. The liability is expected to be settled as the buildings and facilities are renovated and the asbestos remediated.

The carrying amount of the liability is as follows:

	2024	2023
Asset retirement obligation, beginning of year	\$ 419,920	\$ 413,350
Increase due to accretion expense	10,640	10,321
Change in estimate	(1,061)	2,070
Settlement of liability	(19)	(3,400)
Adjustment due to Lake Huron Area Primary Water Supply System - rate change	(1,352)	(2,421)
Asset retirement obligation, end of year	\$ 428,128	\$ 419,920

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

The Corporation of the Municipality of Strathroy-Caradoc  
Notes to Consolidated Financial Statements

December 31, 2024

12. Tangible Capital Assets

								2024	2023
	Land	Land Improvements	Buildings	Equipment	Fleet	Infrastructure Roads	Infrastructure Environmental	Total	Total
Cost, beginning of year	\$ 6,123,892	\$ 8,335,629	\$ 44,553,234	\$ 15,690,268	\$ 12,109,841	\$ 105,274,128	\$ 130,637,545	\$ 322,724,537	\$ 302,657,510
Additions		93,350	12,045,632	3,530,035	1,734,768	10,494,498	10,077,360	37,975,643	21,703,930
Disposals		-	(6,849)	-	(570,343)	-	-	(577,192)	(1,063,058)
Lake Huron Area Primary Water Supply System - rate change	(3,787)	-	(89,574)	-	(57,153)	-	(182,112)	(332,626)	(573,845)
Cost, end of year	6,120,105	8,428,979	56,502,443	19,220,303	13,217,113	115,768,626	140,532,793	359,790,362	322,724,537
Accumulated amortization, beginning of year	-	2,011,267	18,048,168	8,228,115	5,992,090	65,519,670	38,795,335	138,594,645	134,067,619
Amortization	-	202,244	1,202,658	871,858	834,308	1,083,904	1,958,456	6,153,428	5,639,715
Disposals	-	-	(5,175)	-	(539,416)	-	-	(544,591)	(909,387)
Lake Huron Area Primary Water Supply System - rate change	-	-	(41,289)	-	(23,941)	-	(60,913)	(126,143)	(203,302)
Accumulated amortization, end of year	-	2,213,511	19,204,362	9,099,973	6,263,041	66,603,574	40,692,878	144,077,339	138,594,645
Net carrying amount, end of year	\$ 6,120,105	\$ 6,215,468	\$ 37,298,081	\$ 10,120,330	\$ 6,954,072	\$ 49,165,052	\$ 99,839,915	\$ 215,713,023	\$ 184,129,892

The Corporation of the Municipality of Strathroy-Caradoc  
Notes to Consolidated Financial Statements

December 31, 2024

12. Tangible Capital Assets (continued)

								2023
	Land	Land	Buildings	Equipment	Fleet	Infrastructure	Infrastructure	Total
	Land	Improvements				Roads	Environmental	
Cost, beginning of year	\$ 6,160,308	\$ 6,720,728	\$ 44,160,992	\$ 14,914,721	\$ 12,622,989	\$ 93,543,272	\$ 124,534,500	\$ 302,657,510
Additions	-	1,614,901	548,149	854,106	539,406	11,730,856	6,416,512	21,703,930
Disposals	(29,850)	-	(1,443)	(78,559)	(953,206)	-	-	(1,063,058)
Lake Huron Area Primary Water Supply System - rate change	(6,566)	-	(154,464)	-	(99,348)	-	(313,467)	(573,845)
Cost, end of year	6,123,892	8,335,629	44,553,234	15,690,268	12,109,841	105,274,128	130,637,545	322,724,537
Accumulated amortization, beginning of year	-	1,830,789	17,092,630	7,425,588	6,116,361	64,568,049	37,034,202	134,067,619
Amortization	-	180,478	1,022,304	830,023	794,315	951,621	1,860,974	5,639,715
Disposals	-	-	(1,443)	(27,496)	(880,448)	-	-	(909,387)
Lake Huron Area Primary Water Supply System- rate change	-	-	(65,323)	-	(38,138)	-	(99,841)	(203,302)
Accumulated amortization, end of year	-	2,011,267	18,048,168	8,228,115	5,992,090	65,519,670	38,795,335	138,594,645
Net carrying amount, end of year	\$ 6,123,892	\$ 6,324,362	\$ 26,505,066	\$ 7,462,153	\$ 6,117,751	\$ 39,754,458	\$ 91,842,210	\$ 184,129,892

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**13. Accumulated Surplus**

The Municipality segregates its accumulated surplus into the following categories:

	<u>2024</u>	<u>2023</u>
Accumulated surplus from operations	\$ 5,527,191	\$ 5,635,535
Investment in tangible capital assets	215,713,023	184,129,892
Investment in capital work in progress	16,981,943	27,131,210
Reserves		
Future needs reserve	2,396,628	2,396,628
Equipment replacement	1,797,617	1,852,528
Insurance	45,096	20,096
General government	1,849,172	1,362,791
Information technology	525,912	335,960
Building department	1,203,603	1,150,022
Protection services	2,047,990	1,545,203
Street lighting	286,937	166,937
Wastewater system	11,758,081	12,307,462
Waterworks system	21,595,673	20,476,743
Health services	214,827	204,068
Recreational facilities	2,039,653	1,780,942
Libraries and Museum	772,701	686,337
Planning	(186,176)	(384,168)
Economic and Community Development	1,484,305	1,245,490
Transportation	(1,368,411)	(2,297,104)
Reserve Funds		
Insurance	595,826	516,007
Wastewater system	52,755	45,688
Asset management	2,201,901	1,707,959
Waste management	489,571	143,897
Green energy	517,349	378,043
Recreation	29,122	25,221
Modernization	392,411	390,558
Unfunded Liabilities	(12,185,740)	(9,515,963)
	<u>\$ 276,778,960</u>	<u>\$ 253,437,982</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

Unfunded liabilities are comprised of employee future benefits, net long-term debt, and asset retirement obligations.

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**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2024**

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**14. Contingent Liabilities**

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

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**15. Commitments**

**Cornell Construction Limited**

At its April 22, 2025 meeting, Council accepted the tender submitted by Cornell Construction Limited in the amount of \$720,848 plus HST for the Municipality's 2025 tar and chip program. The work is expected to be completed by the end of 2025.

**Steve Smith Construction Corporation**

At its June 16, 2025 meeting, Council accepted the tender submitted by Steve Smith Construction Corporation in the amount of \$596,958 plus HST for the Municipality's 2025 asphalt resurfacing program. The work is expected to be completed by the end of 2025.

In addition, the Municipality has a proportionate interest in joint local board Lake Huron Primary Water Supply System, including their related commitments. Future commitments of the joint local board on remaining facilities and infrastructure contracts are \$3,285,769 in aggregate. See Note 22 for further information on in the proportionate interest held.

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**16. Operations of School Boards and the County of Middlesex**

The Municipality is required to bill, collect and remit taxation revenues on behalf of the School Boards and County of Middlesex pursuant to provincial legislation. The Municipality has no jurisdiction or control over the operations of these entities or the setting of their tax rates. Therefore, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the School Boards and the County are not reflected in these consolidated financial statements. Taxation revenues billed and requisitions paid on behalf of the School Boards and County of Middlesex are not reflected in the Statement of Operations and are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation	\$ 7,112,366	\$13,491,318
Share of payments in lieu	1,368	50,985
	<b>\$ 7,113,734</b>	<b>\$13,542,303</b>

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2024**

**17. Government Transfers**

	2024	2023
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 105,500	\$ 124,100
OCIF grant	33,708	-
MTO Transportation Grant	359,775	378,236
Ontario Digital Services Grant	-	54,814
Program support	709,102	612,300
Drainage grants	77,288	80,030
Government of Canada		
CanExport Community Investment Program	18,000	-
CFDC Skills Development	62,111	144,924
Other Municipalities		
Program support	522,516	485,202
Total operating	<b>\$ 1,888,000</b>	<b>\$ 1,879,606</b>
Capital		
Province of Ontario		
Infrastructure Ontario	-	859,841
Police NG911	413,533	130,729
OCIF grant	1,855,750	3,148,029
Fire protection grant	7,451	-
Lake Huron Area Primary Water Supply System	24,013	-
CFDC Skills Development	1,409,926	1,547,169
Lake Huron Area Primary Water Supply System		
Other Municipalities	27,096	-
Government of Canada		
CCBF (formerly Gas tax)	73,770	1,352,047
Other		
Canadian Mortgage and Housing Corporation	-	2,741,000
Total capital	<b>\$ 3,811,539</b>	<b>\$ 9,778,815</b>
Total government transfers	<b>\$ 5,699,539</b>	<b>\$ 11,658,421</b>

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**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2024**

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**18. Budget**

The budget approved by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards) which is allowable as per Ontario Regulation 284/09 of the Municipal Act. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting.

**REVENUE**

Approved operating budget	\$ 44,695,994
Adjustments:	
Net contribution from reserve and reserve funds	3,762,669
Internal allocation elimination entries	(2,591,037)
Tri-Township Arena, Caradoc Housing Corporation, and BIA consolidation entries	1,108,503
LHPWS adjustment	<u>152,036</u>
Adjusted operating budget revenues per statement of operations	<u>\$ 47,128,165</u>

**EXPENSES**

Approved operating budget	\$ 44,695,994
Adjustments:	
Net contribution to reserves and reserve funds	(6,413,742)
Debt principal repayments	(608,693)
Internal allocation elimination entries	(2,591,037)
Tri-Township Arena, Caradoc Housing Corporation, and BIA consolidation entries	1,479,583
LHPWS adjustment	152,882
Amortization expense	<u>6,153,428</u>
Adjusted operating budget expenses per statement of operations	<u>\$ 42,868,415</u>

**NET OPERATING REVENUE** \$ 4,259,750

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## The Corporation of the Municipality of Strathroy-Caradoc

### Notes to Consolidated Financial Statements

December 31, 2024

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#### 19. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of certain employees of the Municipality. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on their 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 640,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$140,766 million (2023 - \$136,185 million) in respect of benefits accrued for service with actuarial assets at that date of \$137,853 million (2023 - \$131,983 million) indicating an actuarial deficit of \$2,913 million (2023 - \$4,202 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 for 2024 was \$1,205,724 (2023 - \$1,146,223) for current service. The OMERS Board rate was 9.0% to 15.8% depending on income level (2023 - 9.0% to 15.8% depending on income level).

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2024**

**20. Tri-Township Arena Board Consolidation**

The following summarizes the financial position and operations of the Tri-Township Arena Board which has been reported in these financial statements using the proportionate consolidation method.

The consolidated financial statements include the municipality's 85% proportionate interest in the following:

	2024	2023
<b>Statement of Financial Position</b>		
Assets	\$ 303,250	\$ 205,068
Liabilities	187,112	88,929
Accumulated surplus	\$ 116,138	\$ 116,139
<b>Statement of Operations</b>		
Revenues	\$ 638,497	\$ 469,508
Expenses	638,497	469,508
Excess of revenue over expenditures	\$ -	\$ -

**21. Caradoc Housing Corporation Consolidation**

Caradoc Housing Corporation is controlled by the Municipality. The following summarizes the financial position and operations of the Caradoc Housing Corporation which has been consolidated in these financial statements.

	2024	2023
<b>Statement of Financial Position</b>		
Assets	\$ 13,701,183	\$ 12,349,335
Liabilities	11,129,510	9,410,723
Fund Balance	\$ 2,571,673	\$ 2,938,612
<b>Statement of Operations</b>		
Revenues	\$ 483,226	\$ 2,891,166
Expenses	850,165	135,824
Deficiency (excess) of revenue over expenditures	\$ (366,939)	\$ 2,755,342

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2024**

**22. Joint Local Board Consolidation - Lake Huron Primary Water Supply System**

The consolidated financial statements include the municipality's 4.20% (2023- 4.35%) proportionate interest of the following:

	2024	2023
<b>Statement of Financial Position</b>		
Financial Assets	\$ 58,553,701	\$ 55,659,226
Liabilities	4,963,941	8,217,276
Net Financial Assets	\$ 53,589,760	\$ 47,441,950
Non Financial Assets		
Tangible Capital Assets	\$ 146,831,166	\$ 146,143,305
Prepaid Expenses	515,744	442,020
Total Non-Financial Assets	\$ 147,346,910	\$ 146,585,325
Accumulated Surplus	\$ 200,936,670	\$ 194,027,275
<b>Statement of Operations</b>		
Revenues	\$ 29,975,542	\$ 25,610,873
Expenses	23,066,147	21,960,629
Net Revenues	\$ 6,909,395	\$ 3,650,244

**23. Trust Funds**

Trust funds administered by the municipality amounting to \$832,059 (2023- \$779,038) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

December 31, 2024

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### 24. Segmented Information

The Municipality of Strathroy-Caradoc 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.

#### General Government

General Government is comprised of various departments including the Clerk's, Finance and Taxation, Legal, Human Resources and Information Technology departments. 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, animal control, crossing guards, building construction and by-law enforcement departments. The Police Services mandate is to ensure public safety within the municipality. Through patrols, detective, education, and other efforts the police department works to deter and prevent crime. The Strathroy Caradoc Fire Rescue Service serves the residents of the Municipality of Strathroy-Caradoc by providing fire prevention, public education and fire suppression services. It operates out of 3 stations covering an area of 274.12 square kilometres and over 19,500 residents. The services provided range from fire suppression and prevention, land-based water rescue, high-angle, confined space, specialized vehicle extrication and industrial firefighting.

#### Transportation Services

Transportation Services consists of road maintenance and construction as well as winter control, parking, and street lighting. Road maintenance and construction maintains approximately 225 kilometres of road and takes care of pothole maintenance, hot mix patching, paving, street cleaning, signage, and winter control.

#### Environmental Services

Environmental Services consists of sanitary sewer, storm sewer maintenance, waterworks system construction and maintenance, waste collection, waste disposal, and recycling. The sewage division constructs and maintains the municipalities storm and sanitary sewers as well as 10 sewage pumping stations.

#### Health Services

Health Services consists of the operations of the municipality's cemeteries.

#### Social Housing

Social Housing consists of non-profit housing accommodation using rent geared to income guidelines. The housing accommodations are managed by the Caradoc Housing Corporation.

#### Recreation and Cultural Services

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

#### Planning and Development

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

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

December 31, 2024

24. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social Housing	Recreation and Cultural Services	Planning and Development	2024 Total
<b>Revenue</b>									
Taxation	\$ 5,248,947	\$10,433,955	\$ 3,434,412	\$ 128,761	\$ 211,512	-	\$ 2,691,916	\$ 1,160,833	\$ 23,310,336
User fees and service charges	464,617	1,007,355	103,279	13,501,603	116,363	-	2,837,664	168,246	18,199,127
Government transfers	105,500	1,570,675	359,775	1,964,157	-	-	91,608	1,607,824	5,699,539
Investment income	1,646,701	-	-	-	37,026	-	-	-	1,683,727
Penalty and interest on taxes	316,998	-	-	-	-	-	-	-	316,998
Other	2,311,930	-	5,486,414	4,018,247	-	483,226	494,289	16,000	12,810,106
	<u>10,094,693</u>	<u>13,011,985</u>	<u>9,383,880</u>	<u>19,612,768</u>	<u>364,901</u>	<u>483,226</u>	<u>6,115,477</u>	<u>2,952,903</u>	<u>62,019,833</u>
<b>Expenses</b>									
Wages and benefits	2,522,923	9,351,114	1,652,525	1,418,215	241,142	-	2,291,327	506,832	17,984,078
Materials, goods and services	1,488,855	1,923,848	1,903,256	5,260,043	85,563	685,881	2,517,626	684,934	14,550,006
	<u>4,011,778</u>	<u>11,274,962</u>	<u>3,555,781</u>	<u>6,678,258</u>	<u>326,705</u>	<u>685,881</u>	<u>4,808,953</u>	<u>1,191,766</u>	<u>32,534,084</u>
Gain on disposal of capital assets	-	(17,706)	-	(1,593)	-	-	-	-	(19,299)
ARO accretion expense	7,200	116	219	-	-	1,993	1,114	-	10,642
	<u>4,018,978</u>	<u>11,257,372</u>	<u>3,556,000</u>	<u>6,676,665</u>	<u>326,705</u>	<u>687,874</u>	<u>4,810,067</u>	<u>1,191,766</u>	<u>32,536,069</u>
<b>Annual surplus (deficit) before Amortization</b>	<u>6,075,715</u>	<u>1,754,613</u>	<u>5,827,880</u>	<u>12,936,103</u>	<u>38,196</u>	<u>(204,648)</u>	<u>1,305,410</u>	<u>1,761,137</u>	<u>29,494,406</u>
Amortization	331,011	647,729	1,414,300	2,513,876	24,955	165,161	1,056,396	-	6,153,428
<b>Annual surplus (deficit)</b>	<u>\$ 5,744,704</u>	<u>\$ 1,106,884</u>	<u>\$ 4,413,580</u>	<u>\$ 10,422,227</u>	<u>\$ 13,241</u>	<u>\$ (369,809)</u>	<u>\$ 249,014</u>	<u>\$ 1,761,137</u>	<u>\$ 23,340,978</u>

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

December 31, 2024

24. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social Housing	Recreation and Cultural Services	Planning and Development	2023 Total
<b>Revenue</b>									
Taxation	\$ 3,844,615	\$ 9,826,898	\$ 3,495,168	\$ 75,402	\$ 190,808	\$ -	\$ 3,400,838	\$ 1,328,479	\$ 22,162,208
User fees and service charges	462,579	770,745	154,915	13,299,124	99,703	-	2,452,034	198,723	17,437,823
Government transfers	124,100	1,183,212	378,236	4,826,394	-	2,741,000	574,132	1,831,347	11,658,421
Investment income	2,122,211	-	-	-	43,813	-	-	-	2,166,024
Penalty and interest on taxes	259,486	-	-	-	-	-	-	-	259,486
Other	1,351,603	148,795	3,439,998	2,988,538	-	150,166	358,334	145,000	8,582,434
	<u>8,164,594</u>	<u>11,929,650</u>	<u>7,468,317</u>	<u>21,189,458</u>	<u>334,324</u>	<u>2,891,166</u>	<u>6,785,338</u>	<u>3,503,549</u>	<u>62,266,396</u>
<b>Expenses</b>									
Wages and benefits	2,482,267	8,843,129	1,573,865	1,285,846	176,584	-	2,187,822	547,091	17,096,604
Materials, goods and services	1,610,445	1,723,978	1,851,375	5,005,914	88,610	450,226	2,199,585	1,371,754	14,301,887
	<u>4,092,712</u>	<u>10,567,107</u>	<u>3,425,240</u>	<u>6,291,760</u>	<u>265,194</u>	<u>450,226</u>	<u>4,387,407</u>	<u>1,918,845</u>	<u>31,398,491</u>
Gain on disposal of capital assets	(320,150)	(58,561)	(359,664)	-	-	-	-	-	(738,375)
ARO accretion expense	6,984	112	212	-	-	1,933	1,080	-	10,321
	<u>3,779,546</u>	<u>10,508,658</u>	<u>3,065,788</u>	<u>6,291,760</u>	<u>265,194</u>	<u>452,159</u>	<u>4,388,487</u>	<u>1,918,845</u>	<u>30,680,758</u>
<b>Annual surplus before Amortization</b>	4,385,048	1,420,992	4,402,529	14,897,698	69,130	2,439,007	2,396,851	1,584,704	31,595,959
Amortization	295,559	608,788	1,283,185	2,406,763	23,840	-	1,021,580	-	5,639,715
<b>Annual surplus</b>	<u>\$ 4,089,489</u>	<u>\$ 812,204</u>	<u>\$ 3,119,344</u>	<u>\$ 12,490,935</u>	<u>\$ 45,290</u>	<u>\$ 2,439,007</u>	<u>\$ 1,375,271</u>	<u>\$ 1,584,704</u>	<u>\$ 25,956,244</u>

