

Consolidated Financial Statements of

**CORPORATION OF THE
MUNICIPALITY OF
MISSISSIPPI MILLS**

Year ended December 31, 2024

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Consolidated Financial Statements

Year ended December 31, 2024

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of Mississippi Mills (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies are 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 judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG 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 on the Municipality's consolidated financial statements.

Ken Kelly, CPA
Chief Administrative Officer

Kathy Davis, CPA, CGA, CHRI
Director of Corporate Services, Treasurer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Mississippi Mills

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Mississippi Mills (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated municipal equity for the year then ended
- the consolidated statement of changes in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its changes in 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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.



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- 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 Entity'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 Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

October 23, 2025

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 14,561,546	\$ 18,661,818
Long-term investments (note 3)	6,307,400	6,000,000
Taxes receivable	2,611,105	2,284,076
Accounts and grants receivable	4,608,229	2,294,729
Land held for resale	13,892	18,682
Long-term receivables	39,645	1,538
Investment in Ottawa River Power Corporation (note 6(a))	2,573,680	2,528,980
Investment in Ottawa River Energy Solutions Inc. (note 6(b))	383,671	341,085
Investment in Mississippi River Power Corporation (note 6(c))	5,928,909	5,119,238
	<u>37,028,077</u>	<u>37,250,146</u>
Financial liabilities:		
Accounts payable and accrued liabilities	3,550,259	3,106,619
Prepaid property taxes	1,799,986	1,635,348
Asset retirement obligations (note 9)	2,110,202	2,151,279
Security deposits	421,476	774,783
Deferred revenue	1,196,182	506,593
Obligatory reserve funds (note 5)	7,365,537	7,054,165
Long-term liabilities (note 7)	21,563,016	19,106,771
	<u>38,006,658</u>	<u>34,335,558</u>
Net financial assets (debt)	(978,581)	2,914,588
Non-financial assets:		
Tangible capital assets (note 14)	99,949,523	91,550,645
Inventory	200,146	161,243
Prepaid expenses	72,177	25,619
	<u>100,221,846</u>	<u>91,737,507</u>
Commitments (note 12)		
Contingent liabilities (note 13)		
Accumulated municipal equity (note 8)	<u>\$ 99,243,265</u>	<u>\$ 94,652,095</u>

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

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 17)	2024 Actual	2023 Actual
Revenue:			
Taxation	\$ 14,103,198	\$ 14,011,128	\$ 13,392,592
User charges - sewer and water	7,655,984	6,841,078	6,576,591
Government transfers	3,540,066	3,594,084	3,160,452
Other municipal government transfers	1,147,450	2,314,601	1,929,462
Taxation - garbage collection charge	1,701,504	1,681,293	1,692,054
Investment income	915,763	1,113,742	1,160,127
Other income	1,258,755	1,090,968	620,765
Development charges	1,311,409	988,845	537,751
Licenses and permits	650,945	382,585	416,699
Penalties and interest on taxes	208,680	370,792	307,385
Contributed tangible capital assets	—	—	244,210
Loss on write-down of tangible capital assets	—	(3,340)	(107,426)
Net equity increase in investment in:			
Ottawa River Power Corporation	—	44,700	49,744
Ottawa River Energy Solutions Inc.	—	50,536	25,273
Mississippi River Power Corporation	—	1,034,671	478,064
Total revenue	32,493,754	33,515,683	30,483,743
Expenses (note 15):			
General government	3,335,373	3,621,445	3,036,797
Protection to persons and property	4,342,968	4,831,018	4,251,042
Transportation services	6,651,481	6,191,081	5,691,514
Environmental services	6,043,161	5,910,751	5,998,474
Social and family services	3,328,698	3,731,720	3,174,238
Recreation and culture services	3,324,085	3,353,950	3,221,671
Planning and development	1,471,776	1,284,548	1,533,377
Total expenses	28,497,542	28,924,513	26,907,113
Annual surplus	3,996,212	4,591,170	3,576,630
Accumulated municipal equity, beginning of year	94,652,095	94,652,095	91,075,465
Accumulated municipal equity, end of year	\$ 98,648,307	\$ 99,243,265	\$ 94,652,095

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

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Consolidated Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 17)	2024 Actual	2023 Actual
Annual surplus	\$ 3,996,212	\$ 4,591,170	\$ 3,576,630
Amortization of tangible capital assets	4,475,923	4,402,848	4,024,532
Acquisition of tangible capital assets	(15,732,233)	(12,805,066)	(8,818,969)
Loss on write-down of tangible capital assets	—	3,340	107,426
Acquisition of inventory	—	(38,903)	(47,880)
Change in of prepaid expenses	—	(46,558)	32,394
Change in net financial assets	(7,260,098)	(3,893,169)	(1,125,867)
Net financial assets, beginning of year	2,914,588	2,914,588	4,040,455
Net financial assets (debt), end of year	\$ (4,345,510)	\$ (978,581)	\$ 2,914,588

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

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus	\$ 4,591,170	\$ 3,576,630
Item not involving cash:		
Amortization of tangible capital assets	4,402,848	4,024,532
Asset retirement obligations	(41,077)	52,046
Loss on write-down of tangible capital assets	3,340	107,426
Change in non-cash operating working capital:		
Taxes receivable	(327,029)	(229,383)
Accounts and grants receivable	(2,313,500)	564,570
Land held for resale	4,790	—
Accounts payable and accrued liabilities	443,640	350,882
Prepaid property taxes	164,638	103,688
Deferred revenue	689,589	142,919
Security deposits	(353,307)	(50,481)
Obligatory reserve funds	311,372	(130,057)
Inventory	(38,903)	(47,880)
Prepaid expenses	(46,558)	32,394
Long-term receivables	(38,107)	1,451
Net change in cash from operations	7,452,906	8,498,737
Capital activities:		
Acquisition of tangible capital assets	(12,805,066)	(8,818,969)
Investing activities:		
Increase in long-term investments	(307,400)	(4,000,000)
Increase in investment in Ottawa River Power Corporation	(44,700)	(10,260)
Increase in investment in Ottawa River Energy Solutions Inc.	(42,586)	(25,273)
Increase in investment in Mississippi River Power Corporation	(809,671)	(253,064)
	(1,204,357)	(4,288,597)
Financing activities:		
Debt issued for Municipality purposes	3,942,900	—
Principal repayments on long-term liabilities	(1,486,655)	(2,669,744)
	2,456,245	(2,669,744)
Decrease in cash	(4,100,272)	(7,278,573)
Cash, beginning of year	18,661,818	25,940,391
Cash, end of year	\$ 14,561,546	\$ 18,661,818

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

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements

Year ended December 31, 2024

The Corporation of the Municipality of Mississippi Mills (the "Municipality") was incorporated January 1, 1998 (being an amalgamation of the former Town of Almonte and townships of Ramsay and Pakenham) and assumed its responsibilities under the authority of the Minister of Municipal Affairs and the Municipal Act. The Municipality operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Municipality are the representations of management and have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect financial assets, liabilities, operating revenue and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Municipality. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. Interdepartmental and interorganizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

Public Library Board

The Ottawa River Power Corporation, Mississippi River Power Corporation and the Ottawa River Energy Solutions Inc. are accounted for on a modified equity basis, consistent with Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprises accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated.

(ii) Accounting for School Board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(b) Basis of accounting:

- (i) 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 on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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 change in net financial assets for the year.

(c) Taxation and related revenues:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established by Municipality Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) Financial instruments:

The Municipality records derivatives and portfolio investments in equity instruments that are quoted in an active market at fair value. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are not managed and evaluated on a fair value basis.

Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the Consolidated Statement of Operations and Accumulated Municipal Equity. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the Consolidated Statement of Remeasurement Gains and Losses.

Long-term debt is recorded at amortized cost.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from 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); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity and the unrealized balances are reversed from the Consolidated Statement of Remeasurement Gains and Losses.

(f) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

(g) Tangible capital assets:

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. In certain cases, the Municipality used replacement costs and appropriate indices to deflate the replacement cost to an estimated historical cost at the year of acquisition. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Landfill sites	20 - 30
Buildings	10 to 40
Vehicles	5 to 20
Equipment	10 to 20
Water and Sewer	
Linear assets	50 to 80
Water tower, wells, lagoons, pumping stations	15 to 40
Linear Assets	
Roads	12 to 40
Sidewalks and curbs	50
Bridges and culverts	50 to 80

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations and Accumulated Municipal Equity in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Municipality's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity.

(h) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(i) Inventory:

Inventory held for consumption is recorded at the lower of cost or replacement cost.

(j) Pension and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Municipality's policy.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(k) Revenue recognition:

Government transfers and funding for projects are recognized when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Municipality generated funds, generally consisting of user fees, licenses and permits, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

(l) Government transfers:

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

(m) Deferred revenue:

The Municipality defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the Development Charges Act, 1997, and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenue in the fiscal year the services are performed.

The Municipality receives restricted contributions under the authority of Federal and Provincial legislation and Municipality by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(n) Asset retirement obligations:

An asset retirement obligation ("ARO") is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(n) Asset retirement obligations (continued):

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. The liability is discounted using a present value calculation and adjusted annually for accretion expense. Assumptions used in the calculations are revised annually.

The liability for the removal of asbestos in several of the buildings owned by the Municipality has been recognized based on estimated undiscounted future expenses. Assumptions used in the calculations are revised yearly.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liabilities are recognized in the Consolidated Statement of Operations and Accumulated Surplus and Municipal Equity at the time of remediation.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in Note 1(g).

(o) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Municipality:
 - a. is directly responsible; or
 - b. accepts responsibility
- (iv) it is expected that future economic benefit will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(p) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Amounts subject to estimates include asset retirement obligations and the carrying value of tangible capital assets. Actual results could differ from these estimates.

2. Operations of County of Lanark and school boards:

During the year, the Municipality collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark and School Boards as follows:

	School Boards		County of Lanark	
	2024	2023	2024	2023
Property taxes	\$ 4,219,016	\$ 4,130,862	\$ 9,469,860	\$ 9,100,736
Taxation from other governments	2,031	—	71,876	68,908
Amounts requisitioned and paid	\$ 4,221,047	\$ 4,130,862	\$ 9,541,736	\$ 9,169,644

3. Long-term investments:

Long-term investments are comprised of guaranteed investment certificates, yielding interest of 4.89% to 5.26% with maturities ranging between January and April 2025.

4. Bank indebtedness:

The Municipality's financial agreement with its bank provides for an operating credit facility of up to \$1,000,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the lender's prime rate. As at December 31, 2024, there was \$Nil (2023 - \$Nil) drawn on the facility.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Obligatory reserve funds:

A requirement of public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as a liability on the Consolidated Statement of Financial Position. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The transactions for the year are summarized below:

	Development charges	Parkland	Canada Community Building Fund	2024 Total	2023 Total
January 1, 2024	\$ 6,988,439	\$ 2,027	\$ 63,699	\$ 7,054,165	\$ 7,184,222
Contributions from developers	658,684	—	—	658,684	574,791
Interest income	634,254	—	7,279	641,533	206,752
Transfer for capital projects	(672,682)	—	—	(672,682)	(620,737)
Transfer to operating fund	(316,163)	—	—	(316,163)	(290,863)
December 31, 2024	\$ 7,292,532	\$ 2,027	\$ 70,978	\$ 7,365,537	\$ 7,054,165

6. Investment in Ottawa River Power Corporation, Ottawa River Energy Solutions Inc., and Mississippi River Power Corporation (government business enterprises):

Ottawa River Power Corporation ("ORPC") (15.94%), Ottawa River Energy Solutions Inc. ("OES") (15.94%), and the Mississippi River Power Corporation ("MRPC") (100.00%) are government business enterprises in which the Municipality owns the percentage interest as noted.

The principal business of ORPC is to distribute electric power to the Municipality of Mississippi Mills Almonte Ward (and other communities) and manage the electric distribution system. Ottawa River Energy Solutions Inc. is a retailer of electricity related activities for the residents of Mississippi Mills Almonte Ward. MRPC's principal business is the generation of electric power for the benefit of the Municipality.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Investment in Ottawa River Power Corporation, Ottawa River Energy Solutions Inc., and Mississippi River Power Corporation (government business enterprises) (continued):

The following tables provide condensed supplementary financial information setting out the Municipality's proportionate share for the three entities for the year ended December 31:

(a) Ottawa River Power Corporation (15.94%)

	2024	2023
Financial Position		
Current assets	\$ 1,913,831	\$ 1,661,203
Capital assets	2,971,446	2,747,519
Future income taxes	9,836	27,954
	4,895,113	4,436,676
Current liabilities	2,078,969	1,658,242
Long-term debt	242,464	249,454
	2,321,433	1,907,696
Net assets	\$ 2,573,680	\$ 2,528,980

	2024	2023
Results of Operations		
Revenue	\$ 1,377,313	\$ 1,095,003
Operating expenses	1,332,613	1,045,259
Net earnings	\$ 44,700	\$ 49,744

During the year, the Municipality received dividends of \$Nil (2023 - \$62,126) which is included as a component of other income on the Consolidated Statement of Operations and Accumulated Municipal Equity.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Investment in Ottawa River Power Corporation, Ottawa River Energy Solutions Inc., and Mississippi River Power Corporation (government business enterprises) (continued):

(b) Ottawa River Energy Solutions Inc. (15.94%)

	2024	2023
Financial Position		
Current assets	\$ 186,362	\$ 172,681
Capital assets	230,408	225,390
	416,770	398,071
Current liabilities	33,099	56,986
Net assets	\$ 383,671	\$ 341,085

	2024	2023
Results of Operations		
Revenue	\$ 187,982	\$ 202,080
Operating expenses	137,446	176,807
Net earnings	\$ 50,536	\$ 25,273

During the year, the Municipality received dividends of \$7,950 (2023 - \$Nil) which is included as a component of other income on the Consolidated Statement of Operations and Accumulated Municipal Equity.

(c) Mississippi River Power Corporation (100.00%)

	2024	2023
Financial Position		
Current assets	\$ 4,252,316	\$ 3,302,911
Capital assets	15,887,085	16,673,040
	20,139,401	19,975,951
Current liabilities	966,371	827,696
Long-term debt (excluding Municipality debt)	13,244,121	14,029,017
	14,210,492	14,856,713
Net assets	\$ 5,928,909	\$ 5,119,238

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Investment in Ottawa River Power Corporation, Ottawa River Energy Solutions Inc., and Mississippi River Power Corporation (government business enterprises) (continued):

(c) Mississippi River Power Corporation (100.00%) (continued)

	2024	2023
Results of Operations		
Revenue	\$ 3,725,880	\$ 2,977,550
Operating expenses	2,691,209	2,499,486
Net earnings	\$ 1,034,671	\$ 478,064

During the year, the Municipality received dividends of \$225,000 (2023 - \$225,000) which is included as a component of other income on the Consolidated Statement of Operations and Accumulated Municipal Equity.

During the year, \$Nil of Municipality debt was repaid (2023 - \$Nil), which is included as a reduction of the Investment in Mississippi River Power Corporation on the Consolidated Statement of Financial Position.

7. Long-term liabilities:

(a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2024	2023
Ontario Infrastructure Projects Corporation (4.13%), with semi annual blended payment of \$230,273, maturing 2044.	\$ 9,972,289	\$ 6,327,626
Fixed rate bank loans with maturity dates between 2024 and 2041 and interest rates between 1.09% and 3.92%.	11,551,082	12,777,607
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals.	39,645	1,538
	\$ 21,563,016	\$ 19,106,771

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Long-term liabilities (continued):

(b) Principal payments are due as follows:

	General revenue	User charges	Total
2025	\$ 977,709	\$ 472,419	\$ 1,450,128
2026	1,483,335	486,367	1,969,702
2027	778,726	484,545	1,263,271
2028	1,374,836	495,953	1,870,789
2029	2,669,883	513,678	3,183,561
2030 to 2034	1,208,921	4,576,115	5,785,036
2035 and thereafter	1,413,093	4,627,436	6,040,529
	<u>\$ 9,906,503</u>	<u>\$ 11,656,513</u>	<u>\$ 21,563,016</u>

(c) Interest expense on long term liabilities in 2024 amounted to \$709,965 (2023 - \$652,214).

(d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

8. Accumulated municipal equity:

	2024	2023
Investment in tangible capital assets:		
Tangible capital assets	\$ 99,949,523	\$ 91,550,645
Long-term liabilities, excluding tile loan program debt	(21,523,371)	(19,105,233)
Unfinanced capital projects road projects	(4,767,723)	(4,008,493)
	<u>73,658,429</u>	<u>68,436,919</u>
Unfunded asset retirement obligations	(1,249,022)	(1,290,100)
Reserves (Schedule 1)	17,947,598	19,515,973
Equity in government business enterprises:		
Ottawa River Power Corporation	2,573,680	2,528,980
Ottawa River Energy Solution Inc.	383,671	341,085
Mississippi River Power Corporation	5,928,909	5,119,238
	<u>8,886,260</u>	<u>7,989,303</u>
Total accumulated municipal equity	\$ 99,243,265	\$ 94,652,095

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Asset retirement obligations:

The Municipality's asset retirement obligations consist of the following:

(a) Landfill obligation:

The Municipality owns and operates three landfill sites, two of which are closed and one, the Almonte site, is still active. The liability for the closure of operational sites and post-closure care for all the sites has been recognized under PS 3280 *Asset Retirement Obligations*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for a minimum of 25 years post this date. As at December 31, 2024, the landfill had an estimated remaining useful life of 20 years. Post-closure care is estimated to be required for a minimum 25 years from the date of site closure. The Municipality recognized an obligation relating to the removal and post-removal care of the landfill. These costs were discounted using a discount rate of 2.33% (2023 - 2.33%) per annum and an inflation rate of 4.53% (2023 - 4.53%) per annum.

(b) Asbestos obligation:

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have not been discounted as the date of demolition is unknown.

The change in the estimated obligations during the year consists of the following:

	Landfill closure	Asbestos removal	Total
Balance, January 1, 2024	\$ 2,053,936	\$ 97,343	\$ 2,151,279
Accretion expense	11,423	—	11,423
Remeasurement	(55,366)	2,866	(52,500)
Balance, December 31, 2024	\$ 2,009,993	\$ 100,209	\$ 2,110,202

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Pension contributions:

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The last available report was at December 31, 2024 and at that time the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit).

The amount contributed to OMERS was \$737,528 (2023 - \$655,553) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity classified under the appropriate functional expense.

11. Provincial Offences Administration (POA):

The Corporation of the Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Corporation of the Town of Perth was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Municipality's share of net revenues arising from operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made. The Municipality shares net POA revenues based on weighted assessment.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Commitments:

- (a) In November 2017, the Municipality entered into a contract with OCWA (Ontario Clean Water Agency). For the management and operations of the water plant, wastewater plant and the sanitary pumping station. The original contract term is for the period January 1, 2018 to December 31, 2024 and subsequently, extended to December 31, 2028.

The contract is a fixed price contract that provides for an annual inflation increase of 1.85%. The contract provides for the reconciliation of hydro costs on an annual basis. The annual cost of the contract was \$1,660,791 (2023 - \$1,597,788).

- (b) There is no contract for policing services. The Municipality is provided police services by the Ontario Provincial Police under Section 5.1 of the Police Services Act. The annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The amount paid in 2024 for police service usage was \$1,893,540 (2023 - \$1,869,790).
- (c) The Municipality has negotiated a long-term contract with Topps Environmental for the collection of curbside garbage. The contract expires May 31, 2029. Annual charges are determined by reference to the Municipality's number of households, the consumer price index and a fuel surcharge clause. The contract for 2024 was \$652,626 (2023 - \$612,005).
- (d) The Municipality has negotiated a long-term contract with Waste Management Canada for the disposal of curbside garbage. The contract expires May 31, 2028. Charges under this contract are a fixed price of \$75 per tonne of garbage disposed. There are no escalations to this price during the duration of the contract.
- (e) The Municipality has entered into a contract for the construction of a child care facility. The construction is expected to start in 2025 and to be completed in 2026. The contract for construction has been awarded in the amount of \$9,923,021. The project is expected to be funded from grants, long term debt and reserves.

13. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2024, management believes that the Municipality has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Tangible capital assets:

Cost	Balance at December 31, 2023	Transfers and additions	Disposals and adjustments	Balance at December 31, 2024
Land	\$ 327,845	\$ —	\$ —	\$ 327,845
Landfill sites	934,860	—	—	934,860
Buildings	19,127,749	983,389	(7,956)	20,103,182
Vehicles	7,590,636	1,873,993	—	9,464,629
Equipment				
Parks	2,934,555	21,209	—	2,955,764
Streetlights and traffic lights	3,199,820	—	—	3,199,820
Other	4,865,160	203,028	—	5,068,188
Water and sewer facilities				
Linear assets	31,954,564	1,194,628	—	33,149,192
Water tower	1,701,978	11,041	—	1,713,019
Wells, lagoons, pumping stations	33,080,531	1,267,755	—	34,348,286
Linear assets				
Roads	30,496,018	1,970,200	—	32,466,218
Sidewalks and curbs	4,714,755	165,598	—	4,880,353
Bridges and culverts	8,626,834	292,446	—	8,919,280
Construction in progress	731,892	4,821,779	—	5,553,671
Total	\$ 150,287,197	\$ 12,805,066	\$ (7,956)	\$ 163,084,307

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2023	Amortization	Disposals and adjustments	Balance at December 31, 2024
Land	\$ —	\$ —	—	—
Landfill sites	583,942	15,273	—	599,215
Buildings	9,886,678	485,188	(4,616)	10,367,250
Vehicles	4,350,161	412,730	—	4,762,891
Equipment				
Parks	1,335,858	122,981	—	1,458,839
Streetlights and traffic lights	2,399,479	59,782	—	2,459,261
Other	3,546,143	205,759	—	3,751,902
Water and sewer facilities				
Linear assets	7,620,284	493,358	—	8,113,642
Water tower	1,306,226	55,538	—	1,361,764
Wells, lagoons, pumping stations	10,743,299	807,229	—	11,550,528
Linear assets				
Roads	13,121,786	1,427,963	—	14,549,749
Sidewalks and curbs	1,876,007	110,841	—	1,986,848
Bridges and culverts	1,966,689	206,206	—	2,172,895
Construction in progress	—	—	—	—
Total	\$ 58,736,552	\$ 4,402,848	\$ (4,616)	\$ 63,134,784

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Tangible capital assets (continued):

	Net book value December 31, 2023	Net book value December 31, 2024
Land	\$ 327,845	\$ 327,845
Landfill sites	350,918	335,645
Buildings	9,241,071	9,735,932
Vehicles	3,240,475	4,701,738
Equipment		
Parks	1,598,697	1,496,925
Streetlights and traffic lights	800,341	740,559
Other	1,319,017	1,316,286
Water and sewer facilities		
Linear assets	24,334,280	25,035,550
Water tower	395,752	351,255
Wells, lagoons, pumping stations	22,337,232	22,797,758
Linear assets		
Roads	17,374,232	17,916,469
Sidewalks and curbs	2,838,748	2,893,505
Bridges and culverts	6,660,145	6,746,385
Construction in progress	731,892	5,553,671
Total	\$ 91,550,645	\$ 99,949,523

15. Segmented information:

The Municipality is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations and Accumulated Municipal Equity.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Segmented information (continued):

2024	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Water and Sewer Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2024 Total
Revenue									
Taxation	\$ 14,011,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,011,128
Taxation garbage collection charges	-	-	-	1,681,293	-	-	-	-	1,681,293
User charges	18,829	90,561	129,725	19,175	4,370,303	1,247,542	765,707	199,236	6,841,078
Government transfers	1,046,134	15,666	972,962	24,564	1,472,769	-	49,989	12,000	3,594,084
Other Municipal governments	-	-	26,902	-	-	2,287,699	-	-	2,314,601
Licenses and permits	8,700	373,885	-	-	-	-	-	-	382,585
Development charges	95,870	266,589	-	-	567,886	23,100	35,400	-	988,845
Investment income	986,091	-	-	-	127,651	-	-	-	1,113,742
Penalties and interest on taxes	370,792	-	-	-	-	-	-	-	370,792
Other income	975,574	9,848	9,515	-	-	-	96,031	-	1,090,968
Loss on writedown of tangible capital assets	-	-	(3,340)	-	-	-	-	-	(3,340)
Net equity increase:									
Ottawa River Power Corporation	44,700	-	-	-	-	-	-	-	44,700
Ottawa River Energy Solutions Inc.	50,536	-	-	-	-	-	-	-	50,536
Mississippi River Power Corporation	1,034,671	-	-	-	-	-	-	-	1,034,671
	18,643,025	756,549	1,135,764	1,725,032	6,538,609	3,558,341	947,127	211,236	33,515,683
Expenses									
Salaries and wages	2,307,838	1,405,102	1,432,843	49,691	360,750	3,366,523	1,605,869	920,346	11,448,962
Debenture interest	36,345	8,651	210,052	-	449,778	-	2,203	2,666	709,695
Materials and services	1,109,678	3,084,314	2,468,522	1,184,097	2,457,070	344,381	1,007,659	354,342	12,010,063
External transfers	-	106,674	-	-	-	-	246,271	-	352,945
Amortization	167,584	226,277	2,079,664	15,273	1,394,092	20,816	491,948	7,194	4,402,848
	3,621,445	4,831,018	6,191,081	1,249,061	4,661,690	3,731,720	3,353,950	1,284,548	28,924,513
Annual surplus (deficit)	\$ 15,021,580	\$ (4,074,469)	\$ (5,055,317)	\$ 475,971	\$ 1,876,919	\$ (173,379)	\$ (2,406,823)	\$ (1,073,312)	\$ 4,591,170

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Segmented information (continued):

2023	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Water and Sewer Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue									
Taxation	\$ 13,392,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,392,592
Taxation garbage collection charges	-	-	-	1,692,054	-	-	-	-	1,692,054
User charges	26,817	107,834	111,207	21,873	4,236,410	1,219,414	672,504	180,532	6,576,591
Government transfers	1,474,581	4,527	1,356,654	201,225	72,598	-	50,867	-	3,160,452
Other Municipal governments	-	-	25,340	-	-	1,904,122	-	-	1,929,462
Licenses and permits	8,150	408,549	-	-	-	-	-	-	416,699
Development charges	70,570	35,340	-	-	332,599	23,100	76,142	-	537,751
Investment income	981,948	-	-	-	178,179	-	-	-	1,160,127
Penalties and interest on taxes	307,385	-	-	-	-	-	-	-	307,385
Other income	505,996	38,594	-	-	-	-	76,175	-	620,765
Gain on sale of tangible capital assets	-	-	244,210	-	-	-	-	-	244,210
Loss on writedown of tangible capital asse	-	-	-	-	(107,426)	-	-	-	(107,426)
Net equity increase:									
Ottawa River Power Corporation	49,744	-	-	-	-	-	-	-	49,744
Ottawa River Energy Solutions Inc.	25,273	-	-	-	-	-	-	-	25,273
Mississippi River Power Corporation	478,064	-	-	-	-	-	-	-	478,064
	17,321,120	594,844	1,737,411	1,915,152	4,712,360	3,146,636	875,688	180,532	30,483,743
Expenses									
Salaries and wages	1,936,659	1,228,600	1,331,365	42,886	354,404	2,831,301	1,460,385	717,969	9,903,569
Debenture interest	20,724	21,185	156,554	-	428,566	-	22,695	2,490	652,214
Materials and services	912,086	2,705,409	2,375,310	1,659,539	2,180,473	325,298	989,694	806,112	11,953,921
External transfers	-	98,387	-	-	-	-	274,490	-	372,877
Amortization	167,328	197,461	1,828,285	15,273	1,317,333	17,639	474,407	6,806	4,024,532
	3,036,797	4,251,042	5,691,514	1,717,698	4,280,776	3,174,238	3,221,671	1,533,377	26,907,113
Annual surplus (deficit)	\$ 14,284,323	\$ (3,656,198)	\$ (3,954,103)	\$ 197,454	\$ 431,584	\$ (27,602)	\$ (2,345,983)	\$ (1,352,845)	\$ 3,576,630

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Financial instruments and risk management:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Municipality is exposed to credit risk with respect to accounts receivable on the Consolidated Statement of Financial Position.

The Municipality assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Municipality at December 31, 2024 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Consolidated Statement of Operations and Accumulated Municipal Equity.

					2024	2023
	Current	Past due	Gross receivables	Allowances	Net receivables	Net receivables
Accounts receivable	\$ 1,826,675	\$ 17,640	\$ 1,844,315	\$ (310,581)	\$ 1,533,734	\$ 782,892
Taxes receivable	1,541,166	1,164,839	2,706,005	(94,900)	2,611,105	2,284,076
Grants receivable	2,391,418	683,077	3,074,495	—	3,074,495	1,511,837
Total	\$ 5,759,259	\$ 1,865,556	\$ 7,624,815	\$ (405,481)	\$ 7,219,334	\$ 4,578,805

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Municipality's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2023.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Financial instruments and risk management (continued):

(b) Market risk

(i) Currency risk:

Currency risk arises from the Municipality's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Municipality does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Municipality to cash flow interest rate risk.

The Municipality's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 7. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

There has been no change to the interest rate risk exposure from 2023.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Municipality is not exposed to this risk based on the current investment portfolio.

(c) Liquidity risk:

Liquidity risk is the risk that the Municipality will not be able to meet all of its cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current and the terms of the long-term debt are disclosed in note 7.

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

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Budget information:

The 2024 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Consolidated Statement of Operations and Accumulated Municipal Equity. The revenue attributable to these items continue to be included in the Consolidated Statement of Operations and Accumulated Municipal Equity, resulting in a significant variance.

The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements:

	2024 Budget	2024 Actual
Total revenue	\$ 32,493,754	\$ 33,515,683
Total expenses	28,497,542	28,924,513
Net earnings	3,996,212	4,591,170
Asset retirement obligations	—	(41,077)
Amortization of tangible capital assets	4,475,923	4,402,848
Adjusted net earnings	8,472,135	8,952,941
Capital expenses	(15,732,233)	(12,805,066)
Disposal of tangible capital assets	—	3,340
Net change in investment in:		
Ottawa River Power Corporation	—	(44,700)
Ottawa River Energy Solutions Inc.	—	(42,586)
Mississippi River Power Corporation	—	(809,671)
Principal repayments	(1,729,828)	(1,481,863)
Net long-term debt acquired	5,809,708	3,900,000
Decrease in operating surplus	\$ (3,180,218)	\$ (2,327,605)
Allocated as follows:		
Net transfers from reserves	\$ (3,180,218)	\$ (1,568,375)
Net decrease in unfinanced capital	—	(759,230)
	\$ (3,180,218)	\$ (2,327,605)

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Change in accounting policy – adoption of new accounting standards:

The Municipality adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

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.

For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

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.

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

There was no impact to the financial statements as a result of adopting the new accounting standards.

CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 17)	2024	2023
Net transfers from (to) other funds			
Transfers from operations	\$ 1,106,289	\$ 2,464,982	\$ 2,594,355
Transfers to capital acquisitions	(4,286,507)	(4,033,357)	(3,146,644)
Total net transfers	(3,180,218)	(1,568,375)	(552,289)
Reserves and reserve fund balances, beginning of year	19,515,973	19,515,973	20,068,262
Reserves and reserve fund balances, end of year	\$ 16,335,755	\$ 17,947,598	\$ 19,515,973

Composition of Reserves and Reserve Funds

	2024	2023
Reserves set aside for specific purposes by Council:		
For operating purposes:		
Working capital	\$ 1,100,000	\$ 1,100,000
Contingencies	614,988	584,921
Library	22,619	61,870
Winter control	97,620	97,620
Protection to persons and property	174,840	622,156
Planning and zoning	21,113	21,113
Economic development	1,258,725	2,449,228
Parking	61,738	61,738
Daycare	464,125	524,657
	3,815,768	5,523,303
For capital purposes:		
Acquisition of capital assets	9,937,946	8,060,255
Public works	—	313,101
Waste management	1,286,989	1,046,502
Former Town of Almonte - water and sewer	2,510,603	4,176,520
Septic system	396,292	396,292
	14,131,830	13,992,670
Total reserves and reserve funds	\$ 17,947,598	\$ 19,515,973