

**CORPORATION OF THE
CITY OF PEMBROKE**

Consolidated Financial Statements
For the Year Ended December 31, 2024

MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the **Corporation of the City of Pembroke (the City)** are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the 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.

City 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 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 reporting or internal control matters prior to approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly REO LLP, Chartered Professional Accountants, an independent external auditor appointed by the City. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Chief Administrative Officer



Treasurer

Pembroke, Ontario
December 16, 2025

Pembroke, Ontario
December 16, 2025

CORPORATION OF THE CITY OF PEMBROKE

Consolidated Financial Statements

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LOCAL BOARDS - FINANCIAL STATEMENTS

- (a) PEMBROKE PUBLIC LIBRARY BOARD
- (b) PEMBROKE BUSINESS IMPROVEMENT AREA

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the
CORPORATION OF THE CITY OF PEMBROKE

Opinion

We have audited the consolidated financial statements of the **CORPORATION OF THE CITY OF PEMBROKE** (the City) which comprise the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the **CORPORATION OF THE CITY OF PEMBROKE** as at December 31, 2024 and the results of its consolidated operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City 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 Consolidated Financial Statements

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

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

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

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

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

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

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

Baker Tilly REO LLP

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
December 16, 2025

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CORPORATION OF THE CITY OF PEMBROKE

Consolidated Statement of Financial Position

As At December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash (Note 2)	\$ 24,646,382	\$ 21,447,794
Investments (Note 3)	8,969,065	11,615,003
Taxes receivable	2,019,472	1,671,036
Water and sewer receivables	776,732	711,523
Accounts receivable	7,877,488	4,725,834
Inventories for resale	68,899	67,920
Investment in municipal electric utilities (Note 4)	14,468,144	14,038,939
	<hr/>	<hr/>
	\$ 58,826,182	\$ 54,278,049
LIABILITIES		
Accounts payable and accrued liabilities	\$ 11,241,669	\$ 11,144,923
Construction loan (Note 5)	6,197,110	-
Deferred revenue – general	821,625	616,415
Deferred revenue – obligatory (Schedule 3)	801,485	1,501,382
Long term liabilities (Note 6)	11,546,625	12,820,775
Employee benefits and post-employment liabilities (Note 7)	1,915,553	1,829,026
Asset retirement obligations (Note 9)	2,211,478	2,173,609
	<hr/>	<hr/>
	34,735,545	30,086,130
NET FINANCIAL ASSETS	<hr/>	<hr/>
	24,090,637	24,191,919
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Schedule 4)	158,018,127	147,381,258
Prepaid expenses	650,926	588,589
	<hr/>	<hr/>
	158,669,053	147,969,847
ACCUMULATED SURPLUS (Schedule 5)	<hr/>	<hr/>
	\$ 182,759,690	\$ 172,161,766

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Statement of Operations
For the Year Ended December 31, 2024

	2024	2024	2023
	Budget	Actual	Actual
(Note 16)			
REVENUES			
Taxation and payments in lieu	\$ 26,899,951	\$ 27,035,587	\$ 24,970,437
User charges	14,877,348	15,506,325	14,684,478
Government transfers	6,030,726	6,533,259	6,755,553
Investment income	1,226,554	1,826,079	1,902,521
Penalties and interest	155,000	274,146	187,998
Deferred revenue earned - Schedule 3	-	1,936,513	1,919,013
Investment in municipal electric utilities	-	429,205	174,723
Gain (loss) on disposal/sale of tangible capital assets	10,000	42,534	(115,886)
Other	371,185	488,870	341,667
	49,570,764	54,072,518	50,820,504
EXPENSES			
General government	3,277,294	3,500,200	3,073,042
Protection to persons and property	8,915,783	9,471,522	9,094,539
Transportation services	4,066,225	6,944,153	6,700,562
Environmental services	10,513,395	12,440,398	11,857,111
Health services	2,439,053	2,302,287	1,832,289
Social and family services	2,809,322	2,503,298	2,452,316
Recreation and cultural services	4,879,170	5,344,997	5,183,607
Planning and development	943,270	967,739	910,114
	37,843,512	43,474,594	41,103,580
ANNUAL SURPLUS	11,727,252	10,597,924	9,716,924
ACCUMULATED SURPLUS, beginning of year	172,161,766	172,161,766	161,815,742
Adjustment to opening accumulated surplus (Note 9)	-	-	629,100
ACCUMULATED SURPLUS, end of year	\$ 183,889,018	\$ 182,759,690	\$ 172,161,766

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2024

	2024	2024	2023
	Budget	Actual	Actual
(Note 16)			
ANNUAL SURPLUS	\$ 11,727,252	\$ 10,597,924	\$ 9,716,924
Amortization of tangible capital assets	-	7,336,982	6,796,307
Acquisition of tangible capital assets	(31,600,000)	(18,163,084)	(21,928,210)
(Gain) loss on sale of tangible capital assets	-	(42,534)	115,886
Proceeds on sale of tangible capital assets	-	123,946	159,030
Adjustment to opening asset retirement obligation	-	107,821	629,100
Change in prepaid expenses	-	(62,337)	(64,178)
(DECREASE) IN NET FINANCIAL ASSETS	(19,872,748)	(101,282)	(4,575,141)
NET FINANCIAL ASSETS, beginning of year	24,191,919	24,191,919	28,767,060
NET FINANCIAL ASSETS, end of year	\$ 4,319,171	\$ 24,090,637	\$ 24,191,919

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	2023
CASH FROM (USED IN) OPERATING ACTIVITIES		
Annual surplus	\$ 10,597,924	\$ 9,716,924
Adjustments for item not affecting cash		
Amortization of tangible capital assets	7,336,982	6,796,307
(Gain) loss on disposal of tangible capital assets	(42,534)	115,886
Changes in non-cash working capital		
Taxes receivable	(348,436)	(608,357)
Water and sewer receivables	(65,209)	(221,091)
Accounts receivable	(3,151,654)	(425,632)
Inventories for resale	(979)	580
Prepaid expenses	(62,337)	(64,177)
Accounts payable and accrued liabilities	96,746	3,322,061
Deferred revenue - general	205,210	(195,550)
Deferred revenue - obligatory	(699,897)	(688,621)
Employee benefits and post-employment liabilities	86,527	51,311
Asset retirement obligations	145,690	1,548,109
Adjustment to opening ARO	-	629,100
	<u>14,098,033</u>	<u>19,976,850</u>
CASH FROM (USED IN) FINANCING ACTIVITIES		
Construction loan advances	6,197,110	-
Payments on long term liabilities	(1,274,150)	(1,273,090)
	<u>4,922,960</u>	<u>(1,273,090)</u>
CASH FROM (USED IN) INVESTING ACTIVITIES		
Investments	2,645,938	(394,928)
Investment in municipal electric utilities	(429,205)	(174,723)
	<u>2,216,733</u>	<u>(569,651)</u>
CASH FROM (USED IN) CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	123,946	159,030
Purchase of tangible capital assets	(18,163,084)	(21,928,210)
	<u>(18,039,138)</u>	<u>(21,769,180)</u>
INCREASE (DECREASE) IN CASH	3,198,588	(3,635,071)
CASH, beginning of year	21,447,794	25,082,865
CASH, end of year	\$ 24,646,382	\$ 21,447,794

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Schedule of Continuity of Reserves
For the Year Ended December 31, 2024

SCHEDULE 1

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest Earned	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
Reserves										
Protection services	\$ 916,048	\$ -	\$ 238,000	\$ -	\$ 238,000	\$ -	\$ 78,666	\$ -	\$ 78,666	\$ 1,075,382
Transportation services	346,853	-	469,464	-	469,464	-	498,630	-	498,630	317,687
Waterworks	2,368,753	-	169,400	-	169,400	-	642,498	-	642,498	1,895,655
Pollution control projects	2,017,142	-	-	-	-	-	250,000	-	250,000	1,767,142
Working funds	601,415	-	213,915	-	213,915	149,249	-	-	149,249	666,081
Waste management	4,554,780	153,642	626,507	-	780,149	-	-	-	-	5,334,929
Other current purposes	817,778	-	-	-	-	15,000	-	-	15,000	802,778
Other capital purposes	2,709,990	-	1,058,225	-	1,058,225	9,033	126,264	-	135,297	3,632,918
	14,332,759	153,642	2,775,511	-	2,929,153	173,282	1,596,058	-	1,769,340	15,492,572
Reserve funds (Schedule 2)	10,861,702	553,135	2,353,742	-	2,906,877	102,935	6,207,839	-	6,310,774	7,457,805
Total reserves and reserve funds	\$25,194,461	\$ 706,777	\$ 5,129,253	\$ -	\$ 5,836,030	\$ 276,217	\$ 7,803,897	\$ -	\$ 8,080,114	\$22,950,377

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Statement of Continuity of Reserve Funds
For the Year Ended December 31, 2024

SCHEDULE 2

	BALANCE	REVENUES			TRANSFERS				BALANCE	
	Beginning of Year	Interest on Investments	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
Reserve Funds										
COVID-19 Safe Restart	\$ 88,730	\$ -	\$ -	\$ -	\$ 88,730	\$ -	\$ -	\$ -	\$ 88,730	\$ -
Sick leave, disability	497,599	26,103	4,590	-	30,693	-	-	-	-	528,292
Parking revenues	105,799	5,550	20,000	-	25,550	-	-	-	-	131,349
Waterworks	6,799,236	356,603	2,153,862	-	2,510,465	-	5,925,480	-	5,925,480	3,384,221
Airport capital and contingencies	223,462	-	-	-	-	-	2,359	-	2,359	221,103
Pollution control	921,955	48,165	100,000	-	148,165	3,791	-	-	3,791	1,066,329
Other current purposes	2,310	121	-	-	121	-	-	-	-	2,431
Other capital purposes	2,222,611	116,593	75,290	-	191,883	10,414	280,000	-	290,414	2,124,080
	\$ 10,861,702	\$ 553,135	\$ 2,353,742	\$ -	\$ 2,906,877	\$ 102,935	\$ 6,207,839	\$ -	\$ 6,310,774	\$ 7,457,805

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Schedule of Deferred Revenue - Obligatory
For the Year Ended December 31, 2024

SCHEDULE 3

	BALANCE	REVENUES					TRANSFERS					BALANCE
	Beginning of Year	Interest on Investments	From Other	Operations	Government Transfers	Total	To Operations	To Capital	Other	Total	End of Year	
Development charges	\$ 323,449	\$ 16,967	\$ 107,294	\$ -	\$ -	\$ 124,261	\$ -	\$ 11,250	\$ -	\$ 11,250	\$ 436,460	
Cash in lieu of parkland	58,902	3,090	14,850	-	-	17,940	-	-	-	-	76,842	
Gasoline Tax - Province	156,633	8,217	-	-	118,783	127,000	90,000	42,527	-	132,527	151,106	
Gasoline Tax - Federal	962,398	50,485	-	-	916,929	967,414	-	1,792,735	-	1,792,735	137,077	
	\$ 1,501,382	\$ 78,759	\$ 122,144	\$ -	\$ 1,035,712	\$ 1,236,615	\$ 90,000	\$ 1,846,512	\$ -	\$ 1,936,512	\$ 801,485	

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

SCHEDULE 4

BY ASSET CLASS

	GENERAL					INFRASTRUCTURE					TOTALS		
	Land	Land Improvements	Buildings & Improvements	Vehicles	Equipment	Cultural and Historical	Land	Plants & Facilities	Roads	Underground Networks and Other	Assets Under Construction	2024	2023
Cost													
Balance, beginning of year	\$ 4,551,757	\$ 6,257,514	\$ 27,781,549	\$ 3,000,830	\$ 6,255,305	\$ 122,637	\$ 983,401	\$ 49,064,702	\$ 82,849,769	\$ 72,183,378	\$ 19,294,954	\$ 272,345,796	\$ 253,197,207
Add: additions during year	-	978,689	438,653	173,563	393,605	-	-	2,294,042	5,619,965	9,475,339	(9,086,411)	10,287,445	10,303,481
Less: assets under construction	-	-	-	-	-	-	-	-	-	-	7,875,639	7,875,639	11,624,729
Less: disposals during year	-	(39,741)	(6,785)	(124,630)	(582,594)	-	-	-	(382,789)	(252,279)	-	(1,388,818)	(2,779,621)
asset retirement obligation	(107,821)	-	-	-	-	-	-	-	-	-	-	(107,821)	-
Balance, end of year	4,443,936	7,196,462	28,213,417	3,049,763	6,066,316	122,637	983,401	51,358,744	88,086,945	81,406,438	18,084,182	\$289,012,241	272,345,796
Accumulated Amortization													
Balance, beginning of year	123,327	4,271,105	12,869,412	1,411,277	3,688,461	-	-	30,875,491	48,186,146	23,539,319	-	124,964,538	120,672,937
Add: amortization during the year	202,559	187,580	628,408	211,163	375,659	-	-	1,509,491	2,527,723	1,694,398	-	7,336,981	6,796,307
Less: reduction on disposals	-	(32,896)	(2,850)	(62,177)	(576,082)	-	-	-	(381,815)	(251,585)	-	(1,307,405)	(2,504,706)
Balance, end of year	325,886	4,425,789	13,494,970	1,560,263	3,488,038	-	-	32,384,982	50,332,054	24,982,132	-	130,994,114	124,964,538
Net book value of tangible capital assets	\$ 4,118,050	\$ 2,770,673	\$ 14,718,447	\$ 1,489,500	\$ 2,578,278	\$ 122,637	\$ 983,401	\$ 18,973,762	\$ 37,754,891	\$ 56,424,306	\$ 18,084,182	\$ 158,018,127	\$ 147,381,258

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

SCHEDULE 4

BY FUNCTIONAL CLASSIFICATION

	Government	General Police	Fire	Roads	Other Transportation	Water Supply	Storm Sewer	Sanitary Sewer	Recreation	Waste Disposal	2024	2023
Cost												
Balance, beginning of year	\$ 4,218,498	\$ 6,815,275	\$ 7,396,088	\$ 99,905,122	\$ 6,368,645	\$ 43,837,698	\$ 14,708,384	\$ 62,861,674	\$ 18,230,377	\$ 8,004,035	\$ 272,345,796	\$ 253,197,207
Add: additions during year	421,317	-	133,666	4,685,508	16,837	1,780,130	1,236,490	575,268	1,409,787	28,442	10,287,445	10,303,481
assets under construction	4,070	-	-	139,917	-	4,234,155	96,692	2,009,359	1,391,446	-	7,875,639	11,624,729
Less: disposals during year	(57,925)	-	(31,253)	(577,980)	-	(41,700)	-	(15,387)	(211,814)	(452,759)	(1,388,818)	(2,779,621)
asset retirement obligation	-	-	-	-	-	-	-	-	-	(107,821)	(107,821)	-
Balance, end of year	4,585,960	6,815,275	7,498,501	104,152,567	6,385,482	49,810,283	16,041,566	65,430,914	20,819,796	7,471,897	\$289,012,241	272,345,796
Accumulated Amortization												
Balance, beginning of year	1,185,253	1,983,798	1,785,373	52,236,279	1,733,323	21,669,558	4,668,177	24,340,244	12,667,067	2,695,466	124,964,538	120,672,937
Add: amortization during the year	186,674	220,192	279,540	2,822,824	171,593	422,402	238,845	2,147,731	480,434	366,746	7,336,981	6,796,307
Less: reduction on disposals	(57,925)	-	(31,253)	(577,008)	-	(41,006)	-	(15,387)	(199,163)	(385,663)	(1,307,405)	(2,504,706)
Balance, end of year	1,314,002	2,203,990	2,033,660	54,482,095	1,904,916	22,050,954	4,907,022	26,472,588	12,948,338	2,676,549	130,994,114	124,964,538
Net book value of tangible capital assets	\$ 3,271,958	\$ 4,611,285	\$ 5,464,841	\$49,670,472	\$ 4,480,566	\$27,759,329	\$11,134,544	\$38,958,326	\$ 7,871,458	\$ 4,795,348	\$158,018,127	\$147,381,258

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Schedule of Accumulated Surplus
For the Year Ended December 31, 2024

SCHEDULE 5

	2024	2023
RESERVE FUNDS - Schedule 2		
COVID-19 Safe Restart	\$ -	\$ 88,730
Sick leave, disability	528,292	497,599
Parking revenues	131,349	105,799
Water purification	3,384,221	6,799,236
Airport capital and contingencies	221,103	223,462
Pollution control	1,066,329	921,955
Other current purposes	2,431	2,310
Other capital purposes	2,124,080	2,222,611
Total	7,457,805	10,861,702
RESERVES - Schedule 1		
Protection services	1,075,382	916,048
Transportation services	317,687	346,853
Waterworks	1,895,655	2,368,753
Pollution control projects	1,767,142	2,017,142
Working funds	666,081	601,415
Waste management	5,334,929	4,554,780
Other current purposes	802,778	817,778
Other capital purposes	3,632,918	2,709,990
Total	15,492,572	14,332,759
Total - reserves and reserve funds	22,950,377	25,194,461
SURPLUSES		
Invested in tangible capital assets	148,488,434	136,257,314
General revenue fund	1,038,615	722,633
Landfill operations board	(58,849)	(48,946)
Equity in municipal electric utilities	14,468,144	14,038,939
Unfunded		
• Employment benefits and post-employment liabilities	(1,915,553)	(1,829,026)
• Asset retirement obligations	(2,211,478)	(2,173,609)
Total surpluses	159,809,313	146,967,305
ACCUMULATED SURPLUS	\$ 182,759,690	\$ 172,161,766

See accompanying notes.

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CORPORATION OF THE CITY OF PEMBROKE
Consolidated Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

SCHEDULE 6

	General Government	Protection to Persons & Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Cultural Services	Planning & Development	2024	2023
Operations										
Revenue										
Taxation and payments in lieu	\$25,256,704	\$ -	\$ -	\$ 1,572,961	\$ -	\$ -	\$ 205,922	\$ 27,035,587	\$ 24,970,437	
User charges	175,702	436,125	319,090	13,473,512			1,006,874	95,022	15,506,325	14,684,478
Government transfers	1,638,782	360,840	1,787,885	1,647,863			990,889	107,000	6,533,259	6,755,553
Investment income	1,613,073	-	6,288	206,718	-	-	-	-	1,826,079	1,902,521
Penalties and interest	274,146	-	-	-	-	-	-	-	274,146	187,998
Deferred revenue earned –										
Schedule 3	-	-	1,925,263	11,250	-	-	-	-	1,936,513	1,919,013
Investment in municipal electric utilities	429,205	-	-	-	-	-	-	-	429,205	174,723
Gain (loss) on disposal of tangible capital assets	1,250	-	455	53,479	-	-	(12,650)	-	42,534	(115,886)
Other	22,644	56,793	7,022	361,320	-	-	41,091	-	488,870	341,667
	29,411,506	853,758	4,046,003	17,327,103	-	-	2,026,204	407,944	54,072,518	50,820,504
Expenses										
Salaries, wages and employee benefits	2,148,544	3,400,451	1,658,785	3,879,494	-	-	3,092,938	522,951	14,703,163	13,896,988
Interest on long term liabilities	-	213,537	67,431	142,891	-	46,741	-	-	470,600	524,983
Materials	908,782	613,532	1,708,742	2,805,127	-	-	1,336,794	371,264	7,744,241	7,501,956
Contracted services	219,822	4,640,967	583,252	2,047,883	-	-	412,881	24,788	7,929,593	7,842,067
Rents, financial expenses and accretion	1,397	20,980	4,008	265,729	-	-	7,399	6,630	306,143	125,139
External transfers	179,225	8,000	-	-	2,302,287	2,456,557	-	37,803	4,983,872	4,416,141
Amortization	186,674	499,732	2,994,419	3,175,723	-	-	480,434	-	7,336,982	6,796,306
Inter-functional adjustments	(144,244)	74,323	(72,484)	123,551	-	-	14,551	4,303	-	-
	3,500,200	9,471,522	6,944,153	12,440,398	2,302,287	2,503,298	5,344,997	967,739	43,474,594	41,103,580
Net revenues (expenses)	\$25,911,306	\$(8,617,764)	\$(2,898,150)	\$4,886,705	\$(2,302,287)	\$(2,503,298)	\$(3,318,793)	\$(559,795)	\$10,597,924	\$ 9,716,924

17. See accompanying notes.

CORPORATION OF THE CITY OF PEMBROKE
Consolidated Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

SCHEDULE 6 PRIOR PERIOD COMPARATIVES

	General Government	Protection to Persons & Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Cultural Services	Planning & Development	2023
Operations									
Revenue									
Taxation and payments in lieu	\$ 23,203,545	\$ -	\$ -	\$ 1,563,416	\$ -	\$ -	\$ -	\$ 203,476	\$ 24,970,437
User charges	182,293	268,809	558,120	12,516,581	-	-	1,101,966	56,709	14,684,478
Government transfers	1,612,785	457,064	2,218,765	1,842,132	-	-	619,179	5,628	6,755,553
Investment income	1,788,166	-	6,045	108,310	-	-	-	-	1,902,521
Penalties and interest	187,998	-	-	-	-	-	-	-	187,998
Deferred revenue earned – Schedule 3	-	-	1,899,013	20,000	-	-	-	-	1,919,013
Investment in municipal electric utilities	174,723	-	-	-	-	-	-	-	174,723
Gain (loss) on disposal of tangible capital assets	39,528	(16,892)	(150,760)	12,238	-	-	-	-	(115,886)
Other	17,463	52,854	7,118	241,380	-	-	22,771	81	341,667
	27,206,501	761,835	4,538,301	16,304,057	-	-	1,743,916	265,894	50,820,504
Expenses									
Salaries, wages and employee benefits	1,909,170	3,229,785	1,514,414	3,702,579	-	-	3,072,581	468,459	13,896,988
Interest on long term liabilities	-	222,397	70,879	166,424	-	65,283	-	-	524,983
Materials	770,076	622,563	1,744,089	2,776,895	-	-	1,266,691	314,642	7,501,956
Contracted services	243,845	4,403,317	539,558	2,219,819	-	-	385,211	50,317	7,842,067
Rents, financial expenses and accretion	12,804	18,030	-	88,605	-	-	-	5,700	125,139
External transfers	119,586	6,237	-	-	1,832,289	2,387,033	-	70,996	4,416,141
Amortization	123,322	502,194	2,903,540	2,813,184	-	-	454,066	-	6,796,306
Inter-functional adjustments	(112,761)	90,016	(71,918)	89,605	-	-	5,058	-	-
	3,073,042	9,094,539	6,700,562	11,857,111	1,832,289	2,452,316	5,183,607	910,114	41,103,580
Net revenues (expenses)	\$24,133,459	\$(8,332,704)	\$(2,162,261)	\$4,446,946	\$(1,832,289)	\$(2,452,316)	\$(3,493,691)	\$(644,220)	\$ 9,716,924

18. See accompanying notes.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

The **CITY OF PEMBROKE** is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of Pembroke (the City) are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

(a) The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the City and include the activities of all committees of Council and the following boards which are under the control of Council:

- Pembroke Public Library Board
- Pembroke Business Improvement Area

The municipality is also a member of two non-controlled joint local boards which are accounted for using the proportionate consolidation method whereby the municipality's proportionate share of revenues, expenditures, assets and liabilities are included in the accounts after elimination of the proportionate share of inter-entity transactions and balances:

	Proportionate Share
• Ottawa Valley Waste Management Board	28.21%
• Pembroke and Area Airport Commission	19.797%

The City accounts for its ownership interest in municipal electric utilities by the modified equity method. Under the modified equity basis, the electric utilities accounting policies are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

(b) Accounting for School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

BASIS OF ACCOUNTING

(a) Accrual Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(b) Revenue Recognition

Taxation and payments in lieu are recognized in the year in which transactions or events occurred that gave rise to the revenue on an accrual basis. Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. Any supplementary billing adjustments made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

User charges and fees are recognized as revenue in the year the goods and services are provided.

Investment income and investment in municipal electric utilities is recognized as it is earned. Investment income earned on federal gas tax reserve funds is recorded as deferred revenue and included in Municipal revenues in the year that they are applied to qualifying capital expenditures.

Penalties and interest are recognized in the year in which they are earned.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

(c) Cash

Cash is defined as cash on hand, cash on deposit and short-term deposits with a maturity date of less than 90 days, net of cheques outstanding at the reporting date.

(d) Inventories for Resale

Inventories for resale are valued at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

(e) Non-Financial Assets

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

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(e) Non-Financial Assets (cont'd)

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the 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:

Assets	Useful Life-Years
Land (including landfill)	15
Land improvements	10-50
Buildings and improvements	10-50
Vehicles	5-25
Equipment	5-45
Plants and facilities	20-80
Roads	15-40
Underground and other networks	35-100

Annual amortization is prorated by month in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

The City has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

Certain assets have been assigned a nominal value of one Canadian dollar because of the difficulty of determining a tenable valuation. The most significant such assets are the City's road allowances and most City lands.

Contributions of Tangible Capital Assets

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

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.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(f) Pension and Employee Benefits

The City expenses its contributions to the Ontario Municipal Employees Retirement System (“OMERS”), a multi-employer public sector pension fund, when contributions are due.

Employee benefits include vacation entitlement, sick leave benefits and certain post-employment benefits. Vacation entitlements and sick leave benefits are accrued as entitlements are earned. Other post-employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups.

(g) Financial Instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument:

<u>Financial Instrument</u>	<u>Measurement</u>
Cash	Amortized cost
Investments	Fair value
Accounts receivable	Amortized cost
Loans receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long term liabilities	Amortized cost

For financial assets and financial liabilities measured at amortized cost, interest is to be recorded using the effective interest rate (EIR) method. The EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period.

(h) Deferred Revenue - Obligatory

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue - obligatory on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

(i) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates. Management makes accounting estimates when determining the estimated useful life of the City's tangible capital assets, its allowance for doubtful accounts, the accrued liabilities for employee benefits, capital grant revenue accruals, capital construction holdbacks, landfill closure liabilities and asset retirement obligations. Actual results could differ from those estimates.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

(j) Investments

Investments are measured at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Investment premiums and discounts are amortized over the term of the respective investments.

(k) Contaminated Sites Liability

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 a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(l) 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.

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. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of the legal obligation. Assumptions used in the subsequent calculations are revised yearly.

The liability for the removal of asbestos in several of the buildings owned by the City has been recognized based on estimated discounted future expenses. The liability for the decommissioning of fuel storage tanks has been recognized based on estimated discounted future expenses. Under the prospective method, the assumptions used on initial recognition are those as of the date of the legal obligation. Assumptions used in the subsequent calculations are revised yearly.

The tangible capital assets affected by the obligations are amortized in accordance with the accounting policies outlined in note 1(e). The liability associated with settlement of the obligations are amortized in accordance with the estimated useful life of the related assets where a reasonable estimation can be made.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

2. CASH

Cash of \$502,596 (2023 – \$1,711,078) has been restricted to support reserve funds, reserves and deferred revenue-obligatory.

3. INVESTMENTS

	2024	2023
Guaranteed investment certificates	\$ 7,756,694	\$10,652,006
Fixed income securities	1,193,745	957,513
Mutual funds	18,626	5,484
	<hr/> \$ 8,969,065	<hr/> \$11,615,003

Guaranteed investment certificates and have effective interest rates of 3.84% to 4.06% with maturity dates from May 6, 2025 to May 6, 2027. Fixed income securities have effective interest rates of 2.9% to 6.25% with maturity dates from September 10, 2025 to March 5, 2040.

Investments are held by the City of Pembroke - \$7,756,694 (2023 - \$10,652,006), Ottawa Valley Waste Management Board - \$1,049,989 (2023 - \$918,694) and Pembroke and Area Airport Commission - \$162,382 (2023 - \$44,303). Fair market value of investments at December 31, 2024 is \$9,057,361 (2023 - \$11,663,472).

Guaranteed investment certificates of \$7,756,694 (2023 - \$10,652,006) have been restricted to support reserve funds, reserves and deferred revenue-obligatory.

4. INVESTMENT IN MUNICIPAL ELECTRIC UTILITIES

In November 1998, the *Energy Competition Act, 1998* (Bill 35) was enacted to restructure the Ontario electricity industry and introduce competition in the electricity market. As a result of changes set out in the *Act*, the City acquired shares and debt of Ottawa River Power Corporation and Ottawa River Energy Solutions Inc. which are the successors to Pembroke Hydro Electric Commission, Beachburg Hydro System, Township of Killaloe, Hagarty & Richards Hydro Electric Commission and the Town of Mississippi Mills Public Utilities Commission.

CORPORATION OF THE CITY OF PEMBROKE**Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2024

4. INVESTMENT IN MUNICIPAL ELECTRIC UTILITIES (cont'd)

The City's investment is comprised of the following:

	2024	2023		
	Ottawa River Power Corporation	Ottawa River Energy Solutions Inc.	Total	Total
3.49% promissory note, due May 1, 2032	\$ 4,364,000	\$ -	\$ 4,364,000	\$ 4,364,000
78.38% share of equity as at December 31, 2023.	8,217,561	1,886,583	10,104,144	9,674,939
	\$ 12,581,561	\$ 1,886,583	\$14,468,144	\$14,038,939

During the year the City of Pembroke received promissory note interest of \$152,304 (2023 - \$152,304) from Ottawa River Power Corporation and dividend payments of \$45,522 (2023 - \$Nil) from Ottawa River Energy Solutions Inc. and \$Nil (2023 - \$167,998) from Ottawa River Power Corporation.

Additional information in regard to the City's investment in municipal electrical utilities is presented below. The City owns 78.38% of the issued shares of both corporations.

OTTAWA RIVER POWER CORPORATION

	2024	2023
Financial Position		
Current assets	\$ 10,760,731	\$ 9,810,144
Property, plant and equipment	18,506,745	17,046,441
Other non-current assets	361,543	601,468
Regulatory assets	1,080,604	375,550
Total assets	30,709,623	27,833,603
Current liabilities	6,217,738	6,764,639
Long term liabilities	9,628,900	9,498,314
Regulatory liabilities	4,378,728	1,366,824
Total liabilities	20,225,366	17,629,777
Net assets	\$ 10,484,257	\$ 10,203,826

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

4. INVESTMENT IN MUNICIPAL ELECTRIC UTILITIES (cont'd)

	2024	2023
Financial Activities		
Service revenues (net of cost of sales)	\$ 8,640,606	\$ 6,869,532
Operating expenses	(5,936,186)	(5,728,632)
Amount in lieu of income taxes	(113,664)	(115,876)
Net income before under noted items	2,590,756	1,025,024
Net movement in regulatory balances	(2,306,850)	(695,587)
Actuarial gain (loss) on post-employment benefits	(3,475)	(17,367)
<u>Total income and other comprehensive income</u>	<u>\$ 280,431</u>	<u>\$ 312,070</u>

Ottawa River Power Corporation provides electricity and services to the City of Pembroke. Electrical energy is sold to the City at the same prices and terms as other electricity customers consuming equivalent amounts of electricity. A summary of amounts charged by the Corporation to the City are as follows:

	2024	2023
Electrical energy	\$ 936,143	\$ 825,727
Merchandising	52,482	47,070
	<u>\$ 988,625</u>	<u>\$ 872,797</u>

At December 31, 2024, Ottawa River Power Corporation accounts payable and accrued liabilities include \$424 (2023 - \$468) due to the City of Pembroke and accounts receivable include \$88,461 (2023 - \$88,076) due from the City of Pembroke.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

4. INVESTMENT IN MUNICIPAL ELECTRIC UTILITIES (cont'd)

OTTAWA RIVER ENERGY SOLUTIONS INC.

	2024	2023
Financial Position		
Current assets	\$ 1,169,145	\$ 1,083,316
Equipment	1,445,471	1,413,991
<hr/>		
Total assets	2,614,616	2,497,307
<hr/>		
Current liabilities	207,646	161,556
<hr/>		
Total liabilities	207,646	161,556
<hr/>		
Net assets	\$ 2,406,970	\$ 2,335,751
<hr/>		
Financial Activities		
Revenues	\$ 1,179,308	\$ 1,274,423
Expenses	(994,837)	(1,058,614)
Income taxes	(63,252)	(588)
<hr/>		
Net revenue for the year	\$ 121,219	\$ 215,221
<hr/>		

Ottawa River Energy Solutions Inc. provides fibre services to the City of Pembroke. Included in corporate revenues is fibre revenue of \$65,130 (2023 - \$54,250) from the City.

The City is a landlord pursuant to a solar site lease agreement with Ottawa River Energy Solutions and earns rents equal to 15% of the revenue generated from the solar power facilities. Included in Ottawa River Energy Solutions statement of net income is solar revenues and expenses of \$7,347 and \$1,102 (2023 - \$7,060 and \$1,059).

Ottawa River Energy Solutions also incurred \$122,204 (2023 - \$27,482) of recoverable revenue from the City, primarily relating to streetlight contracting.

5. CONSTRUCTION LOAN

Construction loan consists of temporary advances from Ontario Infrastructure Lands Corporation (OILC) to finance approved ongoing capital expenditures. The advances bear interest at a floating rate per annum as determined by OILC based on OILC's cost of funds plus OILC's prevailing spread assigned to the borrower sector for program delivery costs and risks. Interest only payments are due monthly. The total interest paid in 2024 was \$201,129. Under the Agreement with OILC, advances up to \$9,500,000 are approved and the repayment of advances will be satisfied with purchase by OILC of City issued debentures at completion of the capital project for which the borrowing was approved.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

6. LONG TERM LIABILITIES

The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2024	2023
<u>Ontario Infrastructure debentures</u>		
Serial debentures payable, maturing in 2026, payable in semi-annual instalments of \$390,101 plus interest at 4.74% per annum	\$ 1,560,404	\$ 2,340,606
Serial debentures payable, maturing in 2042, payable in semi-annual instalments of \$69,022 plus interest at 3.66% per annum	2,484,776	2,622,819
Serial debentures payable, maturing in 2045, payable in semi-annual instalments of \$80,664 plus interest at 3.44% per annum	3,307,208	3,468,536
Serial debentures payable, maturing in 2048, payable in semi-annual instalments of \$85,569 plus interest at 3.7% per annum	4,107,309	4,278,447
<u>Shared debentures</u>		
City of Pembroke share of debentures, maturing in 2026, bearing interest at 1.34% per annum, issued by the Corporation of the Township of Laurentian Valley for capital costs of the Ottawa Valley Waste Management Board	40,900	60,404
City of Pembroke share of debentures issued by Corporation of the Township of Laurentian Valley for capital costs of the Pembroke and Area Airport Commission, interest at 2.47% per annum, maturing in 2040, repayable in semi-annual instalments of \$1,539 plus interest	46,028	49,963
	<hr/> <u>\$ 11,546,625</u>	<hr/> <u>\$ 12,820,775</u>

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

6. LONG TERM LIABILITIES (cont'd)

Principal payments are due on long term liabilities as follows:

2025	\$ 1,273,994
2026	1,274,266
2027	473,478
2028	473,478
2029	473,478
Thereafter	<u>7,577,931</u>
	<u>\$ 11,546,625</u>

The long-term liabilities issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

Total interest charges for City long term liabilities reported in the Consolidated Statement of Operations are \$470,600 (2023 - \$524,983).

7. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

	2024	2023
Post-employment benefits	\$ 1,387,262	\$ 1,331,427
Sick leave	<u>528,291</u>	<u>497,599</u>
	<u>\$ 1,915,553</u>	<u>\$ 1,829,026</u>

(a) SICK LEAVE BENEFITS

Under certain sick leave benefit plans, unused sick leave can accumulate, and employees may become entitled to a cash payment when they leave the municipality's employment. No payments were made to employees who left the municipality's employment during the current year. Reserves in the amount of \$528,292 (2023 - \$497,599) have been established to provide for these liabilities and are reported on the Consolidated Statement of Financial Position.

(b) POST-EMPLOYMENT BENEFITS

The Municipality has defined benefit plans providing various post-retirement extended health and dental benefits.

The liability and expense for post-retirement extended health and dental benefits were determined by an actuarial valuation performed as at December 31, 2023.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

7. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (cont'd)

Information about the City's benefit plan is as follows:

Accrued benefit liability

	2024	2023
Accrued benefit liability, beginning of year	\$ 1,331,428	\$ 1,320,851
Current service cost	77,416	84,446
Interest	49,403	24,500
Benefits paid during the year	(57,530)	(99,900)
Amortization of experience (gain) loss	(13,455)	1,531
 Accrued benefit liability, end of year	 \$ 1,387,262	 \$ 1,331,428

Reconciliation of accrued benefit obligation

	2024	2023
Accrued benefit obligation, beginning of year	\$ 1,152,481	\$ 1,339,226
Benefits accrued during year	77,416	84,446
Benefits paid during year	(57,530)	(99,900)
Interest on accrued benefit obligation during year	49,403	24,500
Experience gain	-	(195,791)
 Accrued benefit obligation, end of year	 \$ 1,221,770	 \$ 1,152,481
 Discount rate	 4.25 %	 4.25%
Assumed health care trend rate	10.0 %	10.0%
Assumed dental trend rate	4.0 %	4.0%

(c) WORKPLACE SAFETY & INSURANCE BOARD (WSIB)

As a Schedule 2 employer, the Municipality funds its obligations to the WSIB on a "pay as you go" basis. The future benefit costs recorded at the year end are based on calculations prepared by the WSIB. No independent actuarial valuation is considered necessary.

8. CONTAMINATED SITES LIABILITY

The City has adopted PS3260 Liability for Contaminated Sites. The City has not identified any financial liabilities as at December 31, 2024 (2023 - \$Nil) as a result of this standard.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

9. ASSET RETIREMENT OBLIGATIONS

The City's asset retirement obligations (AROs) consist of several obligations as follows:

(a) LANDFILL

The Ottawa Valley Waste Management Board has assumed liability for closure and post closure costs of a landfill site. These financial statements recognize a liability for the City of Pembroke's estimated proportionate share of these costs to the extent that the site has been used to date. Usage is measured as cumulative capacity used versus total estimated capacity available. Since costs are expected to be incurred in the future, they have been discounted at 3.52% which is the Board's average long-term borrowing rate, net of 2.4% inflation. The existing landfill site is expected to reach capacity in the year 2036. The years of post-closure care is estimated at 32. The Board has designated investments of \$3,722,047 (2023 - \$3,285,745) for settling closure and post-closure liabilities.

(b) ASBESTOS AND OTHER OBLIGATIONS

The City owns several buildings that are known to have asbestos and underground fuel storage tanks, which represents a health hazard upon demolition/decommission and there is a legal obligation to remove it. The City recognized an obligation relating to the removal and post-removal care of the asbestos and decommissioning of fuel storage tanks as estimated at January 1, 2023. These costs were not discounted due to uncertainty surrounding the expected timing of cash outflows. The transition and recognition of AROs involved an accompanying increase to the building capital assets and no adjustment of prior year balances.

	Landfill	Asbestos and Other removal	2024	2023
Balance, beginning of year	\$1,872,345	\$ 301,264	\$ 2,173,609	\$2,075,800
Change in estimate	(30,967)	(8,568)	(39,535)	-
Accretion expense	64,600	12,804	77,404	97,809
Balance, end of year	\$1,905,978	\$ 305,500	\$ 2,211,478	\$2,173,609

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

10. EXPENDITURES BY OBJECT

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following classifies those same expenditures by object.

	2024	2023
Salaries, wages and employee benefits	\$ 14,703,163	\$ 13,896,988
Interest on long term liabilities	470,600	524,983
Transfers to external organizations	4,983,872	4,416,141
Materials, contracted services, rents and financial expenses	15,979,977	15,469,161
Amortization	7,336,982	6,796,307
	<hr/>	<hr/>
	\$ 43,474,594	\$ 41,103,580

11. PENSION AGREEMENT

The Corporation of the City of Pembroke, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage, that is designed to integrate with the pension payable from the Canada Pension Plan.

Because OMERS is a multi-employer pension plan, The Corporation of the City of Pembroke does not recognize any share of the pension plan funding deficit of \$2.9 billion (2023 – deficit of \$4.2 billion) based on the total fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed to OMERS for 2024 was \$900,240 (2023 - \$871,074) for current service and is included as an expenditure on the Consolidated Statement of Operations. At December 31, 2024 there is no liability for past service under this agreement.

12. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, investments, taxes receivable, water and sewer receivables, accounts receivable, accounts payable and accrued liabilities and long-term liabilities. The fair value of these financial instruments is approximately equal to their carrying value.

It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments. The City is subject to credit risk with respect to taxes receivable, water and sewer receivables and accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfill their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimize the credit risk.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

13. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The City has a contract with the Ontario Provincial Police (OPP) for policing services. The contract cost is based on services utilized and for 2024 was \$4,548,903. The contract expires December 31, 2027.

The City has a contract for the collection and transportation of garbage, recyclable material, source separated organics and yard waste effective April 1, 2015 and expiring March 31, 2027. The contract cost is based on services utilized and for 2024 was \$1,243,813.

The City is committed to construction contracts with remaining estimated costs to completion of \$3,087,865 plus HST as at December 31, 2024.

14. CONTINGENT LIABILITIES

The City is the subject of a legal proceeding related to an unfulfilled obligation of a lease agreement. Management believes that the ultimate settlement amount, if any, cannot be reasonably determined at this time. In addition, the nature of municipal activities is such that there may be litigation pending or in prospect at any time. Management believes that the City has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the City's financial position. Any adjustments, arising from these matters, will be recorded in future years.

15. JOINT LOCAL BOARDS

The City is a member of two joint local boards as follows:

Pembroke and Area Airport Commission

The Pembroke and Area Airport Commission was established in 1968 under the *Municipal Act* and on June 25, 1992 was continued as a body corporation by special legislation of the Province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The City's proportionate share of contributions to the Commission is 19.797% (2023 – 20.187%). The only transactions the City had with the Commission during the year was the annual municipal levy of \$21,440 (2023 - \$20,822).

Summary financial information for the year ended December 31, 2024 and the City's proportionate share are as follows:

	Total	City's Share
Net financial assets	\$ 868,126	\$ 171,863
Non-financial assets	4,239,224	839,240
Accumulated surplus	5,107,350	1,011,103
Revenue	752,156	148,904
Expenses	(731,704)	(144,855)
Excess of revenue over expenses	\$ 20,452	\$ 4,049

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

15. JOINT LOCAL BOARDS (cont'd)

Ottawa Valley Waste Management Board

The Ottawa Valley Waste Management Board is a joint local board which was formed to direct the operation of the Ottawa Valley Waste Recovery Centre.

The City's proportionate share of contributions to the Board is 28.21% (2023 – 27.96%). The City had the following transactions with the Board:

	2024	2023
Tipping fees	\$ 684,740	\$ 653,316

These transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2024 and the City's proportionate share are as follows:

	Total	City's Share
Net financial assets	\$ 3,991,061	\$ 1,125,878
Non-financial assets	17,027,980	4,803,593
Accumulated surplus	21,019,041	5,929,471
Revenue	7,581,286	2,138,833
Expenses	(6,543,718)	(1,845,983)
Excess of revenue over expenses	\$ 1,037,568	\$ 292,850

16. BUDGET FIGURES

The operating budget approved by City Council for 2024 is reflected on the Consolidated Statement of Operations. The budgets established for capital investments 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. As well, the City does not in some cases include tangible capital asset amounts in the annual budget as they do not require immediate funding. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

CORPORATION OF THE CITY OF PEMBROKE

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2024

17. SEGMENTED DISCLOSURES

The City of Pembroke provides a range of services to its ratepayers. For each segment as reported in Schedule 6, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

The activities that are included in each functional line of services are as follows:

- General government consists of the Mayor and Council, the Chief Administrative Officer and administrative services which include the Treasurer and Clerk.
- Protection to persons and property consists of Fire, Police, By-law Enforcement, Animal Control and Building Departments
- Transportation services include engineering, storm sewer, road, and sidewalk construction and maintenance, street lighting and winter control as well as the City's share of the Pembroke and Area Airport Commission.
- Environmental services consist of waterworks and sanitary operations, wastewater treatment, solid waste disposal and recycling and the City's share of the Ottawa Valley Waste Management Board.
- Health services include paramedic and health services. Mandated health services promote and maintain health programs that optimize the health of residents. Paramedic services deliver timely and effective care for pre-hospital emergency care, along with medically required inter-hospital transportation.
- Social and family services include social assistance, long-term care and childcare services. Social assistance services determine, issue and monitor clients' eligibility for financial, social and employment assistance. Long-term care services provide secure and supervised health services for seniors who can no longer live at home. Childcare services provide subsidized childcare spaces and provide funding for wage subsidy, pay equity, and special needs.
- Recreation and culture services is comprised primarily of parks services and the operations of recreational facilities and the Pembroke Public Library.
- Planning and development consists of planning and zoning and economic development which includes the Pembroke Business Improvement Area.

18. CHANGE IN ACCOUNTING POLICY -ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2024 the City adopted Canadian public accounting standard PS 3400 *Revenue*. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and measurement. The City has determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

19. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.