

Audited Consolidated Financial Statements and
Other Financial Information of

**CORPORATION OF THE
MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2024

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Year ended December 31, 2024

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of Port Hope (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 the significant accounting policies is contained in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The 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 their 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.



Mike Melinyshyn
Chief Administrative Officer



David Baxter
Director, Finance/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 Port Hope

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Port Hope (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 change in net financial assets (debt) for the year then ended
- the consolidated statement of municipal equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes 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 consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor's Responsibilities for the Audit of the 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.



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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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

December 3, 2025

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 3,606,337	\$ –
Taxes receivable (note 18)	2,849,046	4,015,595
Accounts receivable (note 18)	9,205,158	7,375,873
Investments (note 4)	29,966,074	35,285,271
Land held for resale (note 11(d))	–	255,000
	<u>45,626,615</u>	<u>46,931,739</u>
Financial liabilities:		
Bank indebtedness (note 16)	–	2,376,714
Accounts payable and accrued liabilities	7,718,445	7,034,717
Employee future benefit liabilities (note 6)	3,247,126	3,265,260
Deferred revenue - obligatory reserve funds (note 7)	2,658,326	4,281,404
Deferred revenue - other	3,148,008	1,736,749
Asset retirement obligations (note 8)	3,649,003	3,520,165
Net long-term liabilities (note 9)	23,550,293	24,669,796
	<u>43,971,201</u>	<u>46,884,805</u>
Net financial assets	1,655,414	46,934
Non-financial assets:		
Tangible capital assets (note 11)	166,101,925	162,825,733
Inventories of supplies	256,958	265,843
Prepaid expenses	319,615	351,076
	<u>166,678,498</u>	<u>163,442,652</u>
Contingent liabilities (note 12)		
Commitments (note 13)		
Accumulated municipal equity	\$ 168,333,912	\$ 163,489,586

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Operations and Accumulated Municipal Equity

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

	2024 Reconciled budget (note 14)	2024 Actual	2023 Actual
Revenue:			
Property taxation	\$ 24,009,080	\$ 23,363,042	\$ 21,315,362
User charges	14,444,765	12,530,790	14,301,453
Government grants	1,954,860	2,140,443	1,643,188
Investment income	1,352,844	1,207,575	1,228,604
Other	255,947	910,888	760,989
Penalties and interest on taxes	525,000	648,780	567,548
Taxation from other governments	610,400	585,742	595,060
Grants from other municipalities	186,647	181,882	149,486
Transfers from obligatory reserve funds	730,420	175,000	(80,232)
Donations	55,000	152,904	188,417
Loss on disposal of tangible capital assets	(463,652)	(463,652)	(93,559)
Total revenue	43,661,311	41,433,394	40,576,316
Expenses (note 15):			
General government	5,570,754	5,865,777	5,359,177
Protection services (note 12)	11,236,005	12,121,957	10,950,403
Transportation services	6,899,393	7,549,303	7,118,348
Environmental services	12,823,440	11,959,429	11,799,171
Health services	433,642	446,830	406,427
Library	1,142,279	1,151,236	1,122,555
Recreation and culture services	5,538,725	5,869,528	5,314,703
Planning and development	1,689,909	1,516,463	1,482,358
Total expenses	45,334,147	46,480,523	43,553,142
Annual operating deficit	(1,672,836)	(5,047,129)	(2,976,826)
Revenue related to capital:			
Property taxation	3,901,116	3,901,116	3,001,116
Government grants	4,402,418	4,301,271	4,333,069
Transfers from obligatory reserve funds	178,500	514,190	1,125,276
Contributions from others	-	275,487	368,464
Other	(3,011,255)	899,391	124,678
Total revenue related to capital	5,470,779	9,891,455	8,952,603
Annual surplus	3,797,943	4,844,326	5,975,777
Accumulated municipal equity, beginning of year	163,489,586	163,489,586	157,513,809
Accumulated municipal equity, end of year	\$ 167,287,529	\$ 168,333,912	\$ 163,489,586

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Change in Net Financial Assets (Debt)

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

	2024 Reconciled budget (note 14)	2024 Actual	2023 Actual
Annual surplus	\$ 3,797,943	\$ 4,844,326	\$ 5,975,777
Acquisition of tangible capital assets	(18,869,200)	(10,539,465)	(13,958,567)
Proceeds on disposal of tangible capital assets	–	43,953	348,701
Loss on disposal of tangible capital assets	463,652	463,652	93,559
Amortization of tangible capital asset	6,755,669	6,755,668	6,919,119
	(7,851,936)	1,568,134	(621,411)
Change in prepaid expenses and inventories of supplies	–	40,346	(122,196)
Change in net financial assets (debt)	(7,851,936)	1,608,480	(743,607)
Net financial assets, beginning of year	46,934	46,934	790,541
Net financial assets (debt), end of year	\$ (7,805,002)	\$ 1,655,414	\$ 46,934

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Municipal Equity

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

	2024	2023
Operating surplus (deficit) breakdown:		
General operating fund	\$ —	\$ (589,654)
Asset retirement obligation	(3,649,003)	(3,520,165)
Employee future benefits liability	(3,247,126)	(3,265,260)
Heritage Business Improvement Area	60,061	31,359
Total operating deficit	(6,836,068)	(7,343,720)
Reserves set aside for specific purposes		
by Council:		
Working capital	3,039,016	4,217,652
Insurance	34,392	34,392
Waterfront	900,019	813,640
Parking Authority	259,317	248,469
Asset Replacement	5,021,000	4,521,000
Employee Future Benefits	2,326,672	2,229,343
Library	332,458	269,638
Other	15,579	15,579
Total reserves	11,928,453	12,349,713
Reserve funds set aside for specific purposes		
by Council:		
Downtown Beautification	56,231	53,879
Water system	(2,692,011)	(2,010,657)
Wastewater system	(6,089,561)	(5,833,652)
Hydro proceeds	5,541,617	5,338,796
Pumping Station	323,351	309,825
Low level radioactive waste - urban area	11,202,327	11,360,622
Low level radioactive waste - rural area	10,742,303	10,604,938
Other	751,271	35,696
Total reserve funds	19,835,528	19,859,447
Investment in tangible capital assets:		
Tangible capital assets	166,101,925	162,825,733
Long-term liabilities	(23,550,292)	(24,669,796)
Unexpended capital fundings	1,425,796	1,039,639
Unfinanced capital expenditures	(571,430)	(571,430)
Investment in tangible capital assets	143,405,999	138,624,146
Total accumulated municipal equity	\$ 168,333,912	\$ 163,489,586

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Cash Flows

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

	2024	2023
Operating transactions:		
Annual surplus	\$ 4,844,326	\$ 5,975,777
Items not involving cash:		
Amortization of tangible capital assets	6,755,668	6,919,119
Remeasurement of asset retirement obligations	128,838	–
Loss on disposal of tangible capital assets	463,652	93,559
Change in employee future benefits liabilities	(18,134)	82,073
Change in non-working capital items:		
Increase (decrease) in taxes receivable	1,166,549	(960,618)
Decrease in land held for resale	255,000	–
Decrease (increase) in accounts receivable	(1,829,285)	818,124
Increase in accounts payable and accrued liabilities	683,728	2,119,656
Decrease in deferred revenue - obligatory reserve funds	(1,623,078)	(735,516)
Increase (decrease) in deferred revenue - other	1,411,259	(100,491)
Decrease in inventories of supplies	8,885	10,328
Increase (decrease) in prepaid expenses	31,461	(132,524)
	7,434,543	8,113,710
Net change in cash from operations	12,278,869	14,089,487
Capital transactions:		
Cash used to acquire tangible capital assets	(10,539,465)	(13,958,567)
Proceeds on disposal of tangible capital assets	43,953	348,701
	(10,495,512)	(13,609,866)
Investing transactions:		
Redemption (purchase) of investments	5,319,197	(1,220,663)
Financing transactions:		
Debt principal repayments	(1,119,503)	(1,149,104)
Increase (decrease) in cash	5,983,051	(1,890,146)
Cash (bank indebtedness), beginning of year	(2,376,714)	(486,568)
Cash (bank indebtedness), end of year	\$ 3,606,337	\$ (2,376,714)

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Municipality of Port Hope (the "Municipality") are the representation of management 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:

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. 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 inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

Port Hope Police Services Board
Port Hope Public Library Board
Heritage Business Improvement Area

(ii) Accounting for County and School Board transactions:

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

(iii) Trust funds and their related operations administered by the Municipality are not consolidated but are reported separately on the Trust Funds Statement of Continuity and Trust Funds Statement of Financial Position.

(b) Employee future benefit obligations:

The Municipality accrues its obligations for employee benefit plans. The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service period of active employees.

(c) Accrual accounting:

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Deferred revenue:

The Municipality receives contributions pursuant to legislation, regulations or agreements that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(e) Deferred revenue - obligatory reserve funds:

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

(f) 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 Consolidated 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.

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 Consolidated Statement of Operations and Accumulated Municipal Equity and any unrealized gain is adjusted through the Consolidated Statement of Remeasurement Gains and Losses.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

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.

(g) Consolidated Statement of Remeasurement Gains and Losses:

A Consolidated 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.

(h) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) 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 future employee benefits, asset retirement obligations and the carrying value of tangible capital assets. Actual results could differ from those estimates.

(j) 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.

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	15 to 40
Buildings and building improvements	20 to 50
Linear assets	20 to 75
Machinery and equipment	5 to 25
Technology and communications	3 to 10
Vehicles	2 to 20

Work-in-progress is not amortized until the asset is available for productive use.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

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

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iv) Interest capitalization:

Interest is capitalized whenever debt is used to finance the construction of tangible capital assets up to the period of substantial completion.

(v) Impairment:

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.

(vi) Inventories of supplies:

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(k) Property taxation:

The Municipality recognizes property tax revenue using the approved tax rate and the anticipated assessment. Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the Consolidated Statement of Operations and Accumulated Municipal Equity.

(l) 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 benefit 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, sick leave and other benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave and other benefits are accrued in accordance with the Municipality's policy.

(m) 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 the removal of asbestos in several of the buildings owned by the Municipality has been recognized based on estimated undiscounted future expenses. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption in the standard. Assumptions used in the subsequent 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 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(j).

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(n) 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:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Municipality:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) 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.

(o) 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.

2. Operations of School Boards and the County of Northumberland:

Requisitions were made by the School Boards and the County of Northumberland requesting the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts requisitioned are summarized below:

	School Boards		County of Northumberland	
	2024	2023	2024	2023
Amounts requisitioned	\$ 5,540,905	\$ 5,415,686	\$ 14,448,910	\$ 13,276,112

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Trust funds:

Trust funds administered by the Municipality amounting to \$1,116,144 (2023 - \$1,067,710) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Municipal Equity.

4. Investments:

		2024		2023	
	Level	Cost	Market value	Cost	Market value
Cash and cash equivalents	1	\$ 4,625,309	\$ 4,419,277	\$ 11,687,696	\$ 11,687,686
Fixed income securities	1	25,340,765	25,522,065	23,597,575	23,241,988
		\$ 29,966,074	\$ 29,941,342	\$ 35,285,271	\$ 34,929,674

There were no transfers in or out of Levels 1, Level 2 and Level 3 for the years ended December 31, 2024 and 2023.

The fixed income securities yield interest between 0.95% and 5.04% and have maturities ranging from January 2025 to September 2029.

5. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 263 (2023 - 263) members of its staff. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2024. At that time, the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit) and a funded ratio of 98% (2023 - 97%). OMERS plans to improve the funded status through managing contribution rates, benefit design and investment returns while reducing the discount rate over time with the goal of being fully funded by 2025.

The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for current service in 2024 was \$1,611,289 (2023 - \$1,396,782) and is included as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Employee future benefit liabilities:

Extended health care and dental benefits: The Municipality provides extended health care, dental and other benefits to its employees. Extended health care and dental benefits continue to be available to early retirees up to the age of 65, with the exception of Uniformed Police Association retirees who had been hired by the Port Hope Police Services Board prior to January 1, 2014; who after the age of 65 receive single coverage benefits for life.

Life insurance benefits: The Municipality does not provide for a retiree life insurance benefit to full-time retirees regardless of age of retirement with the exception of a closed group. This group is eligible for a retiree life benefit of two (2) times salary at retirement to eligible full-time non-police members until age 65, provided they retired on or before January 1, 2012. At age 65, the participant may elect to pay the premium and remain insured under this benefit, the sum insured is reduced by 50%.

Early retirement incentive: The Municipality provides Municipal uniform police with an early retirement incentive if they become eligible for an unreduced OMERS pension before age 60, provided they retire within 30 days of their eligible early retirement date.

An independent actuarial study of the employee non-pension retirement benefits has been undertaken. The most recent valuation of the employee future benefits was completed for fiscal 2023.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employees, which is estimated to be 15 years (2023 - 15 years).

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2024, the accrued benefit liability was \$3,247,126 (2023 - \$3,265,260).

The significant actuarial assumptions adopted in estimating the Municipality's accrued benefit obligations are as follows:

Discount rate	4.50% per annum
Inflation rate	2.00% per annum
Dental benefits escalation	4.00% per annum
Health benefits escalation	Escalate at 6.00% in 2024 vs. 2023, reducing by 0.333% per year to 4.00% in 2030 vs. 2029, and remaining at 4.00% per year thereafter

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Employee future benefit liabilities (continued):

Information with respect to the Municipality's non-pension retirement obligations is as follows:

	2024	2023
Accrued benefit liability, beginning of year	\$ 3,265,260	\$ 3,183,187
Expense recognized for the year	87,865	119,592
Interest cost	134,807	119,381
Benefits paid for the year	(216,518)	(222,730)
Amortization of actuarial (gain) loss	(24,288)	65,830
Accrued benefit liability, end of year	\$ 3,247,126	\$ 3,265,260

	2024	2023
Accrued benefit obligation at December 31	\$ 3,066,210	\$ 3,060,056
Unamortized actuarial gain	180,916	205,204
Accrued benefit liability at December 31	\$ 3,247,126	\$ 3,265,260

7. Deferred revenue - obligatory reserve funds:

A requirement of the CPA Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Municipality are summarized below:

	2024	2023
Balance, beginning of year	\$ 4,281,404	\$ 5,016,920
Additions as follows:		
Ontario Community Infrastructure fund	1,630,108	1,460,465
Federal grant - gasoline tax	552,003	554,425
Provincial grant - gasoline tax	164,576	165,722
Development contributions	345,264	700,518
Investment income	188,638	192,986
Utilization as follows:		
Operating	(404,311)	(207,205)
Capital	(4,052,262)	(3,496,403)
Direct receipt from (payment to) developer	(47,094)	(106,024)
Balance, end of year	\$ 2,658,326	\$ 4,281,404

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Deferred revenue - obligatory reserve funds (continued):

	2024	2023
Analyzed as follows:		
Parkland	\$ 158,678	\$ 132,946
Development charges	2,965	5,580
Ontario Community Infrastructure fund	862,232	1,482,190
Gasoline tax:		
Provincial	670,728	633,932
Federal	963,723	2,001,895
Building inspection	–	24,861
	<u>\$ 2,658,326</u>	<u>\$ 4,281,404</u>

8. Asset retirement obligations:

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

(a) 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. Following the adoption of PS 3280 Asset Retirement Obligations, the Municipality assessed an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2023. 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. An annual inflation rate is applied to the Opening Balance to reflect the change in estimate for the retirement costs. In 2024 the inflation rate applied was 3.66%. The change in the estimated obligation during the year consists of the following:

	Balance at December 31, 2024	Balance at December 31, 2023
Asset retirement obligation		
Balance, January 1	\$ 3,520,165	\$ 3,520,165
Remeasurement	128,838	–
Balance, December 31	<u>\$ 3,649,003</u>	<u>\$ 3,520,165</u>

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Net long-term liabilities:

- (a) The debenture debt consists of several debentures payable to Infrastructure Ontario that mature in the years 2027 to 2051. At the end of the year, the outstanding principal amount of this liability is \$23,550,293 (2023 - \$24,669,796).

	2024	2023
Infrastructure Ontario Debenture, bears interest at 4.73%, payable in semi-annual payments with a maturity date of January 17, 2051	\$ 20,199,625	\$ 20,961,875
Infrastructure Ontario Debenture, bears interest at 3.06%, payable in semi-annual payments with a maturity date of March 15, 2036	1,725,000	1,875,000
Infrastructure Ontario Debenture, bears interest at 3.06%, payable in semi-annual payments with a maturity date of March 15, 2036	1,437,500	1,562,500
Infrastructure Ontario Debenture, bears interest at 4.7%, payable in semi-annual payments with a maturity date of June 15, 2024	–	29,600
Infrastructure Ontario Debenture, bears interest at 3.07%, payable in semi-annual payments with a maturity date of December 17, 2027	75,200	100,267
Infrastructure Ontario Debenture, bears interest at 4.42%, payable in semi-annual payments with a maturity date of February 15, 2031	71,500	82,500
Infrastructure Ontario Debenture, bears interest at 3.35%, payable in semi-annual payments with a maturity date of May 1, 2027	41,468	58,054
	<u>\$ 23,550,293</u>	<u>\$ 24,669,796</u>

- (b) Principal due on net long-term liabilities from general municipal revenues, user fees and development charges is summarized as follows:

2025	\$ 1,089,904
2026	1,089,904
2027	1,081,610
2028	1,048,250
2029	1,048,250
Thereafter	18,192,375
	<u>\$ 23,550,293</u>

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Net long-term liabilities:

(c) The long-term liabilities in (a) 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 & Housing.

10. Charges for net long-term liabilities:

Total charges for the year for net long-term liabilities are as follows:

	2024	2023
Principal payments	\$ 1,119,504	\$ 1,149,104
Interest	1,077,953	1,124,324
	<u>\$ 2,197,457</u>	<u>\$ 2,273,428</u>

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Tangible capital assets:

Cost	Balance at December 31, 2023	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2024
Land	\$ 8,258,066	\$ -	\$ -	\$ 8,258,066
Land improvements	10,060,951	119,444	(17,650)	10,162,745
Buildings and building improvements	98,859,673	1,064,412	(329,012)	99,595,073
Linear assets	127,403,954	3,426,434	1,650,665	132,481,053
Machinery and equipment	4,848,610	176,970	104,235	5,129,815
Technology and communications	2,975,587	-	12,470	2,988,057
Vehicles	12,278,128	445,405	(429,796)	12,293,737
Asset retirement obligations	3,520,165	-	-	3,520,165
Work-in-progress	18,253,010	8,956,336	(6,290,299)	20,919,047
Total	\$ 286,458,144	\$ 14,189,001	\$ (5,299,387)	\$ 295,347,758

Accumulated Amortization	Balance at December 31, 2023	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2024
Land improvements	\$ 6,453,170	\$ 283,668	\$ (17,302)	\$ 6,719,536
Buildings and building improvements	45,871,898	3,115,986	(127,314)	48,860,570
Linear assets	56,776,979	2,221,950	(555,300)	58,443,629
Machinery and equipment	2,045,422	243,983	-	2,289,405
Technology and communications	2,367,620	147,270	(12,534)	2,502,356
Vehicles	6,980,082	680,505	(429,796)	7,230,791
Asset retirement obligations	3,137,240	62,306	-	3,199,546
Total	\$ 123,632,411	\$ 6,755,668	\$ (1,142,246)	\$ 129,245,833

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Tangible capital assets (continued):

Net book value	Balance at December 31, 2023,	Balance at December 31, 2024
Land	\$ 8,258,066	\$ 8,258,066
Land improvements	3,607,781	3,443,209
Buildings and building improvements	52,987,775	50,734,503
Linear assets	70,626,975	74,037,424
Machinery and equipment	2,803,188	2,840,410
Technology and communications	607,967	485,701
Vehicles	5,298,046	5,062,946
Asset retirement obligations	382,925	320,619
Work-in-progress	18,253,010	20,919,047
Total	\$ 162,825,733	\$ 166,101,925

(a) Work-in-progress:

Assets under construction having a value of \$20,919,047 (2023 - \$18,253,010) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

During the year, there was \$Nil (2023 - \$Nil) in contributed tangible capital assets.

(c) Works of art and historical treasures:

The Municipality manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Municipality sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(d) Write-down of tangible capital assets:

During the year, there were cumulative total write-downs of tangible capital assets of \$Nil (2023 - \$21,278).

During the year, land held for resale in the amount of \$255,000 (2023 - \$Nil) was sold.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. Contingent liabilities:

(a) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims 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.

(b) Liability for contaminated sites:

(i) Environmental Liabilities – Monitoring and Maintenance Costs:

In accordance with the Settlement Agreement between Canada and the Municipality dated April 11, 2017, O.Reg 153/04, the Municipality is responsible for monitoring and maintenance of four industrial sites – Center Pier, Lions Park, Coal Gas, and Chemetron Lagoon. The total estimated cost for risk management measures over the next two years is \$402,840. These costs relate solely to ongoing maintenance and monitoring activities and are not directly attributable to the remediation measures for these sites. Consequently, these costs are expensed as incurred over the monitoring period.

(ii) Contingent Liabilities – Low-Level Radioactive Waste Sites:

The Municipality has identified nine sites which contain Low-Level Radioactive Waste (LLRW), subject to special circumstances defined by the Port Hope Area Initiative Project. Under this initiative, the Government of Canada has assumed responsibility for these sites, including maintenance and potential future remediation activities, for an estimated period of 20 to 30 years. Since any future obligation related to these sites remains uncertain for the Municipality and will not be known until the Government of Canada completes remediation activities under the Port Hope Area Initiative, no obligation is recognized in the Municipality's financial statements for these sites. This responsibility will be reassessed annually based upon the outcome of the Port Hope Area Initiative Project.

(iii) Contingent Liabilities – Not Low-Level Radioactive Waste Sites:

In addition to LLRW sites, recent testing has identified contaminants at some locations which are not co-mingled with LLRW and therefore fall outside the scope of the Port Hope Area Initiative cleanup program. For these sites, no immediate health or environmental risks have been identified and the Municipality will manage the site in accordance with Ontario Regulation 153/04. Since the total quality and volume of contaminants remains unknown, no obligation is recognized in the Municipality's financial statements for these sites.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Commitments:

The Municipality has on-going capital and operating commitments as a regular part of operations. At December 31, 2024, the Municipality has outstanding capital project contractual commitments of approximately \$7.7 million (2023 - \$5.5 million).

14. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2024 operating and capital budgets approved by Council on December 5, 2023 and reconciled for comparison purposes to the actuals which are presented to comply with Canadian Public Sector Accounting Standards. In accordance with Ontario Regulation 284/09, the budget approved by Council excluded amortization and post-employment benefit expense. The budget was prepared on a modified accrual basis, while Public Sector Accounting Board (PSAB) reporting requirements require a full accrual basis. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. The reconciliation of the budget adopted by Council for the purposes of comparison in these consolidated financial statements is shown in the following table:

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Budget data (continued):

	2024 Annual Operating Budget adopted by Council	Adjustments for consolidated entity - HBIA	Amortization	Loss on disposal of assets	ARO inflation expense	Employee future benefits	Debt repayment reallocation	Investment income on discretionary reserve funds	Transfers to reserves and discretionary reserve funds	2024 Comparator (PSAB) Budget	Capital reallocation	2024 Total Budget
Revenue:												
Property taxation	\$ 23,946,763	\$ 62,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,009,080	\$ 3,901,116	\$ 27,910,196
Taxation from other governments	610,400	-	-	-	-	-	-	-	-	610,400	-	610,400
User charges	14,444,765	-	-	-	-	-	-	-	-	14,444,765	-	14,444,765
Government grants	1,954,860	-	-	-	-	-	-	-	-	1,954,860	4,402,418	6,357,278
Grants from other municipalities	186,647	-	-	-	-	-	-	-	-	186,647	-	186,647
Investment Income	247,900	-	-	-	-	-	1,104,944	-	-	1,352,844	-	1,352,844
Penalties and interest on taxes	525,000	-	-	-	-	-	-	-	-	525,000	-	525,000
Donations	55,000	-	-	-	-	-	-	-	-	55,000	-	55,000
Deferred revenue earned from (to) obligatory reserve funds	730,420	-	-	-	-	-	-	-	-	730,420	178,500	908,920
Other	245,947	10,000	-	-	-	-	-	-	-	255,947	(3,011,255)	(2,755,308)
Loss on disposal of tangible capital assets	-	-	-	(463,652)	-	-	-	-	-	(463,652)	-	(463,652)
Total revenue	42,947,702	72,317	-	(463,652)	-	-	1,104,944	-	43,661,311	5,470,779	49,132,090	
Expenses:												
General government	5,865,752	-	184,298	-	128,838	(18,134)	-	-	(590,000)	5,570,754	-	5,570,754
Protective services	11,244,380	-	543,170	-	-	-	(207,254)	-	(344,291)	11,236,005	-	11,236,005
Transportation services	5,143,735	-	1,755,658	-	-	-	-	-	-	6,899,393	-	6,899,393
Environmental services	13,608,551	-	3,397,043	-	-	-	(762,250)	-	(3,419,904)	12,823,440	-	12,823,440
Health services	407,221	-	26,421	-	-	-	-	-	-	433,642	-	433,642
Library	1,067,285	-	74,994	-	-	-	-	-	-	1,142,279	-	1,142,279
Parks, recreation and culture	4,927,145	-	761,580	-	-	-	(150,000)	-	-	5,538,725	-	5,538,725
Planning and development	1,715,754	61,650	12,505	-	-	-	-	-	(100,000)	1,689,909	-	1,689,909
Total expenses	43,979,823	61,650	6,755,669	-	128,838	(18,134)	(1,119,504)	-	(4,454,195)	45,334,147	-	45,334,147
Annual surplus (deficit)	(1,032,121)	10,667	(6,755,669)	(463,652)	(128,838)	18,134	1,119,504	1,104,944	4,454,195	(1,672,836)	5,470,779	3,797,943
Contributions (from) transfer to reserves and discretionary reserve funds	1,032,121	-	-	-	-	-	-	-	(4,454,195)	(3,422,074)	13,398,421	9,976,347
Debt allocation	-	-	-	-	-	-	(1,119,504)	-	-	(1,119,504)	-	(1,119,504)
Investment in capital assets	-	-	-	-	-	-	-	-	-	-	(18,869,200)	(18,869,200)
Total budget	\$ -	\$ 10,667	\$ (6,755,669)	\$ (463,652)	\$ (128,838)	\$ 18,134	\$ -	\$ 1,104,944	\$ -	\$ (6,214,414)	\$ -	\$ (6,214,414)

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Segmented information:

The Municipality is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government:

Includes administration, corporate services and governance of the Municipality. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection Services:

Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation Services:

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(d) Environmental Services:

Includes management and maintenance of water treatment and distribution, wastewater plant and sanitary sewer services and storm sewer, waste collection and low-level radioactive waste management and administration.

(e) Health Services:

Includes the management and maintenance of municipal cemeteries and physician recruitment.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Segmented information (continued):

(f) Library:

Includes allocations for the purpose of providing library services.

(g) Recreation and Culture Services:

Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community centres, parks, recreation fields and the arena.

(h) Planning and Development:

Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

For each segment separately reported, the segment revenue and 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. These municipal services are funded primarily by property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the annual budget. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on segmented budgeted expenses.

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 PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Library	Recreation and Culture Services	Planning and Development	2024 Total
Revenue:									
User charges	\$ 71,714	\$ 1,454,644	\$ 129,717	\$ 9,341,647	\$ 180,800	\$ 765	\$ 1,264,258	\$ 87,245	\$ 12,530,790
Government grants	298,983	299,158	4,039,800	1,203,423	-	35,643	528,388	36,319	6,441,714
Grants from other municipalities	-	22,234	40,000	119,648	-	-	-	-	181,882
Investment income	1,207,575	-	-	-	-	-	-	-	1,207,575
Penalties and interest on taxes	648,780	-	-	-	-	-	-	-	648,780
Donations	-	-	-	-	-	74,815	77,480	609	152,904
Transfer (to) from deferred obligatory reserve funds	175,000	-	-	-	-	-	-	-	175,000
Contributions from others	-	-	275,487	-	-	-	-	-	275,487
Other	914,068	280,063	226,670	160,823	27,022	11,464	106,985	83,184	1,810,279
Loss on disposal of tangible capital asset	-	-	(76,246)	(404,336)	-	-	(1,151)	18,081	(463,652)
	3,316,120	2,056,099	4,635,428	10,421,205	207,822	122,687	1,975,960	225,438	22,960,759
Expenses:									
Salaries, wages and employee benefits	3,968,333	7,833,952	3,747,658	2,784,380	288,159	734,007	2,864,268	893,288	23,114,045
Long-term debt interest expense	-	54,361	-	968,647	-	-	54,945	-	1,077,953
Materials	896,842	2,251,446	1,546,214	3,753,867	62,700	302,352	1,928,699	174,183	10,916,303
Contracted services	649,920	1,143,879	457,190	1,029,699	8,626	39,094	52,145	423,868	3,804,421
Rents and financial expenses	166,384	26,222	42,583	25,793	-	789	13,891	12,619	288,281
External transfers	-	268,927	-	-	60,924	-	194,000	-	523,851
Amortization	184,298	543,170	1,755,658	3,397,043	26,421	74,994	761,580	12,505	6,755,669
	5,865,777	12,121,957	7,549,303	11,959,429	446,830	1,151,236	5,869,528	1,516,463	46,480,523
Excess of expenses over revenue before taxation	(2,549,657)	(10,065,858)	(2,913,875)	(1,538,224)	(239,008)	(1,028,549)	(3,893,568)	(1,291,025)	(23,519,764)
Funded through:									
Property taxation									27,264,158
Taxation from other governments									585,742
Transfer from deferred obligatory reserve funds									514,190
Excess of revenue over expenses (expenses over revenue)	\$ (2,549,657)	\$ (10,065,858)	\$ (2,913,875)	\$ (1,538,224)	\$ (239,008)	\$ (1,028,549)	\$ (3,893,568)	\$ (1,291,025)	\$ 4,844,326

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Library	Recreation and Culture Services	Planning and Development	2023 Total
Revenue:									
User charges	\$ 43,393	\$ 1,437,653	\$ 139,396	\$ 11,266,544	\$ 182,205	\$ 3,871	\$ 1,108,845	\$ 119,546	\$ 14,301,453
Government grants	284,699	163,082	2,497,378	1,198,301	-	35,639	1,783,593	13,565	5,976,257
Grants from other municipalities	-	8,638	-	140,848	-	-	-	-	149,486
Investment income	1,228,604	-	-	-	-	-	-	-	1,228,604
Penalties and interest on taxes	567,548	-	-	-	-	-	-	-	567,548
Donations	-	-	-	-	-	15,124	167,069	6,224	188,417
Transfer (to) from deferred obligatory reserve funds	(239,492)	-	145,000	-	-	-	4,167	10,093	(80,232)
Contributions from others	-	-	368,464	-	-	-	-	-	368,464
Other	150,771	362,083	76,159	177,962	27,354	9,779	23,186	58,373	885,667
Loss on disposal of tangible capital asset	-	(14,702)	-	(46,844)	-	-	(32,013)	-	(93,559)
	2,035,523	1,956,754	3,226,397	12,736,811	209,559	64,413	3,054,847	207,801	23,492,105
Expenses:									
Salaries, wages and employee benefits	3,411,390	6,787,287	3,402,785	2,586,045	255,493	682,897	2,733,550	910,829	20,770,276
Long-term debt interest expense	-	62,728	-	1,002,034	-	-	59,562	-	1,124,324
Materials	980,370	2,299,953	1,543,368	3,825,682	59,505	311,371	1,548,860	149,236	10,718,345
Contracted services	507,977	1,031,302	464,887	937,109	9,388	45,010	22,276	399,694	3,417,643
Rents and financial expenses	19,449	22,221	25,794	5,495	-	691	16,400	10,095	100,145
External transfers	-	262,415	-	-	53,325	-	187,550	-	503,290
Amortization	439,991	484,497	1,681,514	3,442,806	28,716	82,586	746,505	12,504	6,919,119
	5,359,177	10,950,403	7,118,348	11,799,171	406,427	1,122,555	5,314,703	1,482,358	43,553,142
Excess of expenses over revenue before taxation	(3,323,654)	(8,993,649)	(3,891,951)	937,640	(196,868)	(1,058,142)	(2,259,856)	(1,274,557)	(20,061,037)
Funded through:									
Property taxation									24,316,478
Taxation from other governments									595,060
Transfer from deferred obligatory reserve funds									1,125,276
Excess of revenue over expenses (expenses over revenue)	\$ (3,323,654)	\$ (8,993,649)	\$ (3,891,951)	\$ 937,640	\$ (196,868)	\$ (1,058,142)	\$ (2,259,856)	\$ (1,274,557)	\$ 5,975,777

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Bank indebtedness:

The Municipality's financial agreement with its bank provides for an operating credit facility of up to \$7,500,000 from October 1, 2024 to December 31, 2024 to finance expenses, pending receipt of property taxes and other income. As at December 31, 2024, \$Nil (2023 - \$2,376,714) was drawn, bearing interest at prime rate, less 0.25%.

17. 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 nonexchange 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 were no adjustments to opening balances as a result of adopting the new accounting standards.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. 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 Municipal Equity.

	Current	Past due	Gross receivables	Allowances	Net receivables
Accounts receivable	\$ 8,803,421	\$ 401,737	\$ 9,205,158	\$ —	\$ 9,205,158
Taxes receivable	1,987,340	861,706	2,849,046	—	2,849,046
Total	\$10,790,761	\$ 1,263,443	\$12,054,204	\$ —	\$12,054,204

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Financial instruments and risk management (continued):

(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.

(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 9. 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.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Financial instruments and risk management (continued):

(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 9.

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 PORT HOPE

Schedule A: Heritage Business Improvement Area Statement of Revenue and Expenses and Surplus

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

	2024	2023
Revenue:		
Net levy	\$ 62,317	\$ 62,317
Other revenue	43,785	18,080
	<u>106,102</u>	<u>80,397</u>
Expenses:		
Stationery, supplies and office	9,487	5,974
Improvements	2,221	16,336
Advertising	38,644	7,389
Special events	2,762	69
Wages and employee benefits	–	28,582
Contracted services	24,286	14,238
	<u>77,400</u>	<u>72,588</u>
Excess of revenue over expenses	28,702	7,809
Accumulated surplus, beginning of year	31,362	23,553
Accumulated surplus, end of year	<u>\$ 60,064</u>	<u>\$ 31,362</u>



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Port Hope

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Port Hope (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2024
- the continuity of trust funds for the year then ended
- and notes to the 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 the continuity of trust funds 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.



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- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

December 3, 2025

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance Trust Funds
Statement of Financial Position

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

	2024	2023
Assets		
Cash	\$ 21,323	\$ 234,592
Accrued interest receivable	8,702	4,371
Investments (market value \$825,761) (note 7)	1,085,724	828,619
Due to (from) operating fund	395	128
	<u>\$ 1,116,144</u>	<u>\$ 1,067,710</u>

Liabilities and Fund Balances

Trust fund:		
Balances:		
Capital	\$ 976,121	\$ 944,712
Income	140,023	122,998
	<u>\$ 1,116,144</u>	<u>\$ 1,067,710</u>

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance Trust Funds Statement of Continuity

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

	2024	2023
Funds balances, beginning of year	\$ 1,067,710	\$ 1,011,601
Revenue and Capital Contributions:		
Cemetery care and maintenance	37,780	50,404
Interest, dividends earned and other	37,677	29,810
	<u>75,457</u>	<u>80,214</u>
Expenses:		
Transfer to operating fund	27,023	24,105
Funds balances, end of year	<u>\$ 1,116,144</u>	<u>\$ 1,067,710</u>

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance Trust Funds
Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The financial statements of the Corporation of the Municipality of Port Hope Trust Funds (the "Trust") are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of presentation:

These statements reflect the assets, liabilities, revenue and expenses of the Trust.

(b) Basis of accounting:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, and reported on the Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where 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 Statement of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations.

(e) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Interest earned on investments are reported as revenue in the period earned.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance Trust Funds
Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.

3. 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.

4. Financial instruments:

The Trust Fund's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities and are carried at cost. Unless otherwise noted, it is management's opinion that the Trust Fund is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of the Trust Fund's financial instruments approximates their carrying value due to their short-term nature.

5. Providence Cemetery:

On January 1, 2018, the Municipality assumed all general operating responsibilities of the Providence Cemetery at the request of its Board. The Municipality worked with the Bereavement Authority (BAO) to complete the voluntary transfer of the Providence Cemetery. As of December 31, 2021, the final transfer was completed.

6. Knoxville Cemetery:

On December 1, 2020 Council authorized the transfer of all general operating responsibilities of the Knoxville Cemetery at the request of its Board. The Municipality continued to work with the Bereavement Authority (BAO) to complete the voluntary transfer of the Knoxville Cemetery. The final transfer was completed on February 13, 2024.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance Trust Funds
Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Investments:

	Level	2024		2023	
		Cost	Market value	Cost	Market value
Fixed income securities	1	\$ 1,085,724	\$ 1,111,848	\$ 828,619	\$ 825,763

There were no transfers in or out of Levels 1, Level 2 and Level 3 for the years ended December 31, 2024 and 2023.

The fixed income securities yield interest between 0.95% and 5.04% and have maturities ranging from March 2025 to September 2029.

8. Change in accounting policies - 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 nonexchange 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 were no adjustments to opening balances as a result of adopting the new accounting standards.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance Trust Funds
Notes to Financial Statements (continued)

Year ended December 31, 2024

9. 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 Trust is exposed to credit risk with respect to accounts receivable and investments on the Statement of Financial Position.

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 statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations. The balance of the allowance for doubtful accounts is \$Nil (2023 - \$Nil).

The investments are invested with reputable investment managers.

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

(b) 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 Trust to cash flow interest rate risk.

The Trust's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to investments. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to investments.

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

(c) Liquidity risk:

Liquidity risk is the risk that the Trust will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Trust manages its liquidity risk by monitoring its operating requirements. The Trust prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no changes to the risk exposures from 2023.