Consolidated Financial Statements of

MUNICIPALITY OF THAMES CENTRE

And Independent Auditor's Report thereon

Year ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of Municipality of Thames Centre

Opinion

We have audited the consolidated financial statements of the Municipality of Thames Centre (the Entity), which comprise:

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

(Hereinafter referred to as the “financial statements").

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

Emphasis of Matter - Comparative Information

We draw attention to Note 16 to the financial statements (“Note 16”), which explains that certain comparative information presented for the year ended December 31, 2023 has been restated.

Note 16 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Our opinion is not modified in respect to this matter.

Other Matter - Comparative Information

The financial statements for the year ended December 31, 2023, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on October 7, 2024.

As part of our audit of the financial statements for the year ended December 31, 2024, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2023. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended December 31, 2023. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

September 3, 2026

MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023 As restated - note 16
Financial assets:		
Cash	$ 24,392,864	$ 30,181,221
Accounts receivable (note 2)	5,993,947	6,450,375
Taxes receivable (note 3)	2,228,625	1,950,228
	32,615,436	38,581,824
Financial liabilities:		
Accounts payable and accrued liabilities	4,658,385	5,682,414
Deferred revenue - obligatory reserve funds (note 7)	12,012,367	12,336,321
Long-term debt (note 8)	8,444,021	9,600,018
Asset retirement obligations (note 10)	3,710,813	3,620,305
	28,825,586	31,239,058
Net financial assets	3,789,850	7,342,766
Non-financial assets:		
Tangible capital assets (note 9)	153,536,653	145,626,361
Prepaid expenses and deposits	127,005	289,373
	153,663,658	145,915,734
Commitments (note 13)		
Contingencies (note 14)		
Accumulated surplus (note 11)	$ 157,453,508	$ 153,258,500

See accompanying notes to consolidated financial statements.

On behalf of the Board:

____________________________ Director ____________________________ Director

MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Operations and Changes in Accumulated Surplus

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

	2024 Budget (note 12)	2024 Actual	2023 As restated - note 16
Revenue:			
Property taxation	$ 12,255,364	$ 12,057,747	$ 11,792,299
User fees	8,516,838	8,570,547	8,303,977
Government grants	1,544,444	2,668,793	3,552,944
Investment income	-	891,161	1,103,675
Developer contributions	530,325	2,186,886	2,822,228
Penalty and interest on taxes	217,000	287,865	265,644
Other revenue	1,733,256	1,311,567	(88,267)
	24,797,227	27,974,566	27,752,500
Expenses:			
General government	2,720,470	2,525,179	2,007,116
Protection services	4,100,318	3,991,000	3,535,239
Transportation services	6,080,949	6,059,834	5,755,015
Environmental services	6,743,835	5,370,729	5,319,376
Health services	182,248	187,407	197,086
Recreation and cultural services	4,456,194	4,900,544	4,533,168
Planning and agriculture	513,213	377,958	496,530
	24,797,227	23,412,651	21,843,530
Surplus before the undernoted item	-	4,561,915	5,908,970
Other income (expense):			
Gain (loss) on disposal of tangible capital assets	-	(366,907)	198,066
Annual surplus	-	4,195,008	6,107,036
Accumulated surplus, beginning of year	153,258,500	153,258,500	147,151,464
Accumulated surplus, end of year	$ 153,258,500	$ 157,453,508	$ 153,258,500

See accompanying notes to consolidated financial statements.

MUNICIPALITY OF THAMES CENTRE

Statement of Changes in Net Financial Assets

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

	Budget 2024	Actual 2024	Actual 2023 As restated - note 16
Annual surplus	$ -	$ 4,195,008	$ 6,107,036
Acquisition of tangible capital assets	(9,262,797)	(12,005,319)	(4,752,349)
Loss (gain) on disposal of tangible capital assets	-	366,907	(198,066)
Amortization of tangible capital assets	-	5,866,972	5,303,247
Proceeds from disposal of tangible capital assets	-	48,034	743,994
Developer contributions of tangible capital assets	-	(2,186,886)	(2,822,228)
Change in prepaid expenses	-	162,368	(61,509)
Change in net financial assets	(9,262,797)	(3,552,916)	4,320,125
Net financial assets, beginning of year	7,342,766	7,342,766	5,670,141
Adjustment to comparative information for unfunded tangible capital assets (note 16)	-	-	(2,647,500)
Net financial assets (debt), end of year	$ (1,920,031)	$ 3,789,850	$ 7,342,766

See accompanying notes to consolidated financial statements.

MUNICIPALITY OF THAMES CENTRE

Consolidated Statement of Cash Flows

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

	2024 Actual	2023 As restated - note 16
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 4,195,008	$ 6,107,036
Items not involving cash:		
Amortization of tangible capital assets	5,866,972	5,303,247
Accretion on asset retirement obligations	90,508	88,300
Developer contributions of tangible capital assets	(2,186,886)	(2,822,228)
Loss (gain) on disposal of tangible capital assets	366,907	(198,066)
	8,332,509	8,478,289
Changes in non-cash operating working capital:		
Accounts receivable	456,428	(215,077)
Taxes receivable	(278,397)	(520,542)
Prepaid expenses	162,368	(61,511)
Accounts payable and accrued liabilities	(1,024,029)	224,119
Deferred revenue	(323,954)	(79,646)
	7,324,925	7,825,632
Financing activities:		
Repayments related to long-term debt	(1,155,997)	(791,796)
Capital activities:		
Acquisition of tangible capital assets	(12,005,319)	(4,581,968)
Proceeds from sale of tangible capital assets	48,034	743,994
	(11,957,285)	(3,837,974)
Increase (decrease) in cash	(5,788,357)	3,195,862
Cash, beginning of year	30,181,221	26,985,359
Cash, end of year	$ 24,392,864	$ 30,181,221

See accompanying notes to consolidated financial statements.

Municipality of Thames Centre (the "Municipality") is a lower tier municipality in the County of Middlesex in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Municipality of Thames Centre are prepared by management 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:

These consolidated financial statements reflect the assets, liabilities, operating revenue and expenditures and accumulated surpluses and changes in investment in tangible capital assets of the Municipality. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. Inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include the operations of the Dorchester Union Cemetery.

(b) Government transfers:

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If the funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as deferred revenue at year end.

(c) Taxation and related revenue:

Property tax bills are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services.

Taxation revenue and taxes receivable are recognized when they meet the definition of an asset, the tax is authorized and a taxable event has occurred. Property assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

1. Significant accounting policies (continued):

(c) Taxation and related revenue (continued):

The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

(d) Development charges and other revenues:

Revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year are deferred and reported as liabilities.

Development charges are one-time fees levied by the Municipality on newly to be developed or to be redeveloped properties. The charges vary by development type (residential and non-residential) and location (within urban growth boundary and outside urban growth boundary). Development charges are initially recorded as deferred revenue when received and are then recognized as earned revenue over time as the Municipality makes growth infrastructure investments to support development.

Building permit revenue is recognized when the performance obligation to the customer has been satisfied. This occurs, when the permit has been issued, and the refund period has expired.

(e) User charges:

User charges relate to various programs and fees imposed based on specific activities, such as transit fees, park and recreation services, water, wastewater and solid waste. Revenue is recognized when the performance obligation is satisfied. The performance obligation is satisfied when services are rendered.

(f) Accounting for County and School Board transactions:

The Municipality is required to bill, collect and remit provincial education and upper tier taxation in respect of residential and other properties on behalf of the School Boards and upper tier. The Municipality has no jurisdiction or control over the school board or upper tier's operations or their tax rate. The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Middlesex are not reflected in these consolidated financial statements.

(g) Trust fund:

The Municipality's trust fund and its related operations administered by the Municipality are not consolidated but are reported separately on the Trust Fund Statements of Operations and Financial Position.

1. Significant accounting policies (continued):

(h) Tangible capital assets:

Tangible capital 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.

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

Asset	Useful life
Land improvements	10 to 100 years
Buildings and building improvements	10 to 100 years
Machinery and equipment	4 to 20 years
Automotive	5 to 20 years
Environmental infrastructure	15 to 98 years
Transportation and drainage infrastructure	20 to 80 years

Amortization is recognized for a full year in the year an asset is placed into productive use, with no amortization recognized in the year of disposal. Assets under construction are not amortized until they are substantially complete and available for productive use.

Tangible capital assets received as contributions from developers are recorded at their fair value at the date of the receipt. The fair value is also recorded as Developer Contributions revenue.

(i) Use of estimates:

The preparation of these consolidated financial statements, in accordance with Canadian Public Sector Accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the year. These estimates and assumptions, including taxation assessment appeals, legal claims provisions, the valuation of tangible capital assets and their related useful lives, amortization, and estimated retirement costs, are based on management’s best information and judgment and may differ significantly from future actual results.

1. Significant accounting policies (continued):

(j) 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 expense as incurred.

(k) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost.

Financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Fair value category: Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. No Statement of Remeasurement Gains and Losses has been presented as there are no significant items to record therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

1. Significant accounting policies (continued):

(l) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following recognition 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 the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Retirement obligations related to buildings containing asbestos, are estimated and recognized as a liability and an increase in the cost of the asset at the time of acquisition. The liability is discounted annually over the same useful life as the asset's annual amortization expense, calculated in accordance with the Municipality's amortization policies. The liability is increased due to the passage of time and is recorded as an accretion expense on Schedule 1 under Rents and Financial Expenses.

(m) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2024, and have therefore not been applied in preparing these financial statements.

Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

Applicable for the fiscal years beginning on or after April 1, 2026 (in effect for the Municipality for the year ending December 31, 2027). Standards must be implemented at the same time:

(i) New Public Sector Accounting Standards (PSAS) Conceptual Framework:

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- Preparers to account for items, transactions and other events not covered by standards;
- Auditors to form opinions regarding compliance with accounting standards;
- Users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

1. Significant accounting policies (continued):

(m) Future accounting pronouncements (continued):

(i) New Public Sector Accounting Standards (PSAS) Conceptual Framework (continued):

The main changes are:

- Additional guidance to improve understanding and clarity
- Non-substantive changes to terminology/definitions
- Financial statement objectives foreshadow changes in the Reporting Model
- Relocation of recognition exclusions to the Reporting Model
- Consequential amendments throughout the Public Sector Accounting Handbook
- The framework is expected to be implemented prospectively.

(ii) Reporting Model - PS1202 - Financial Statement Presentation

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201-Financial Statement Presentation. The model is expected to be implemented retroactively with restatement of prior year amounts.

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets-accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets/Liabilities
- Isolated financing transaction in the Cash Flow Statement

1. Significant accounting policies (continued):

(n) Change in accounting policy - adoption of new accounting standards:

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

(i) 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. As a result of applying the Public Private Partnership accounting standard it was identified that this accounting standard did not affect the Municipality and therefore no adjusting entries occurred.

(ii) PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred. For 2024, the year of transition, based on an evaluation of the Municipality's revenue transactions, no adjustment to opening balances was required.

(iii) 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. No such transactions were identified by the Municipality.

2. Accounts receivable:

	2024	2023 As restated - note 16
Accounts receivable	$ 6,069,465	$ 6,480,389
Allowance for doubtful accounts	(75,518)	(30,014)
	$ 5,993,947	$ 6,450,375

3. Taxes receivable:

	2024	2023
Taxes receivable	$ 1,951,072	$ 1,641,384
Penalties and interest	277,553	308,844
	$ 2,228,625	$ 1,950,228

4. Trust fund:

Trust fund administered by the Municipality amounting to $740,216 (2023 - $594,108) has not been included in these consolidated financial statements.

5. Operations of School Boards and the County of Middlesex:

Further to Note 1(f), the taxation revenue of the School Boards and County of Middlesex are comprised of the following:

	School Boards	County
Taxation and user charges	$ 5,583,088	$ 11,233,192
Requisitions	5,583,088	11,233,192

6. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for 2024 was $464,667 (2023 - $390,253) for current service and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. The Municipality has no obligation, as of December 31, 2024, under the past service provisions. The OMERS funding ratio for 2024 is 98.0% (2023 - 97.0%).

The last available report for the OMERS plan was on December 31, 2025. At that time, the plan reported a $1.3 billion actuarial deficit (2024 - $2.9 billion), based on actuarial liabilities of $151.4 billion (2024 - $142.5 billion) and actuarial assets of $150.0 billion (2024 - $139.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. Deferred revenue - obligatory reserve funds:

A requirement of the public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized as follows:

	2024	2023 As restated - note 16
Development charges and contributions	$ 6,771,237	$ 7,287,390
Grants - Provincial	2,188,381	1,076,096
Canada Community Building Fund	2,008,355	1,589,298
Donations	822,750	2,201,896
Prepaid user charges	181,239	119,120
Grants - Other	40,405	62,521
	$ 12,012,367	$ 12,336,321

8. Long-term debt:

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

	2024	2023 As restated - note 16
Debenture payable, maturing on September 17, 2027, bearing interest at a rate of 5.22%, payable semi-annually on March 15 and September 15	$ 24,666	$ 32,076
Debentures payable, maturing on December 16, 2029, bearing interest at a rate of 2.38%, payable semi-annually on June 16 and December 16	141,387	296,805
Debentures payable, maturing on July 3, 2032, bearing interest at a rate of 3.51%, payable semi-annually on January 3 and July 3	1,211,552	1,340,635
Debentures payable, maturing December 16, 2049, bearing interest at a rate of 2.71%, payable semi-annually on June 16 and December 16	999,795	1,027,645
Debentures payable, maturing December 16, 2039, bearing interest at a rate of 2.62%, payable semi-annually on June 16 and December 16	228,097	240,367
Debentures payable, maturing March 1, 2031, bearing interest at a rate of 1.57%, payable semi-annually on March 1 and September 1	5,007,313	5,733,486
Debentures payable, maturing April 18, 2032, bearing interest at a rate of 2.92%, payable semi-annually on April 18 and October 18	831,211	929,004
	$ 8,444,021	$ 9,600,018

Long-term debt principal repayments:

2025	$ 1,047,711
2026	1,069,196
2027	1,091,186
2028	1,104,589
2029	1,127,149
Thereafter	3,004,190
	$ 8,444,021

8. Long-term debt (continued):

The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

Interest expense:

The interest expense on long-term debt for the year was $199,032 (2023 - $226,983).

9. Tangible capital assets:

Cost	December 31, 2023	Additions	Disposals/ Transfers	December 31, 2024
Land	$ 5,886,371	$ -	$ -	$ 5,886,371
Land improvements	9,846,458	463,970	-	10,310,428
Buildings and building improvements	54,849,813	8,320,482	-	63,170,295
Machinery and equipment	2,057,376	251,453	-	2,308,829
Automotive	9,948,766	836,986	(410,424)	10,375,328
Infrastructure	146,427,221	5,319,425	(1,400,070)	150,346,576
Assets under construction	4,107,400	2,633,882	(3,633,994)	3,107,288
	$ 233,123,405	$ 17,826,198	$ (5,444,488)	$ 245,505,115

Accumulated amortization	December 31, 2023	Amortization expense	Disposals	December 31, 2024
Land	$ -	$ -	$ -	$ -
Land improvements	2,962,494	522,322	-	3,484,816
Buildings and building improvements	18,119,875	1,679,987	-	19,799,862
Machinery and equipment	1,069,193	264,111	-	1,333,304
Automotive	5,069,510	805,608	(319,340)	5,555,778
Infrastructure	60,275,972	2,594,944	(1,076,214)	61,794,702
	$ 87,497,044	$ 5,866,972	$ (1,395,554)	$ 91,968,462

Net book value	December 31, 2023	December 31, 2024
Land	$ 5,886,371	$ 5,886,371
Land improvements	6,883,964	6,825,612
Buildings and building improvements	36,729,938	43,370,433
Machinery and equipment	988,183	975,525
Automotive	4,879,256	4,819,550
Infrastructure	86,151,249	88,551,874
Assets under construction	4,107,400	3,107,288
	$ 145,626,361	$ 153,536,653

10. Asset retirement obligations:

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

(a) Landfill closure and post-closure care:

The Municipality owns and operates a landfill site which had an estimated useful life of 75 years when it was first opened in 1978 of which 29 years remain. The liability for the closure of operational sites and post-closure care for closed landfill sites has been recognized under PS 3280, Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the site including final cover and vegetation, leachate monitoring, water quality monitoring, etc. The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs. These costs were discounted to December 31, 2024, using a discount rate of 2.5% per annum (2024 - 2.24%).

(b) Asbestos removal:

The Municipality owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon demolition of the building. There is a legal obligation to remove the asbestos before these buildings are demolished. Following the adoption of PS 3280, Asset Retirement Obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos and potentially hazardous materials in these buildings. Each building has an estimated remaining useful life of 17-20 years.

(c) Wells, gravel pits and water treatment plants

The Municipality owns various wells, water treatment plants and gravel pits. The Municipality has legal obligations to remediate and restore these assets upon retirement, for which an asset retirement obligation has been recognized.

	Landfill closure	Asbestos removal	Removal of wells, treatment plants and gravel pits	Balance at December 31, 2024
Opening balance	$ 2,148,555	$ 775,000	$ 696,750	$ 3,620,305
Accretion	53,714	19,375	17,419	90,508
Closing balance	$ 2,202,269	$ 794,375	$ 714,169	$ 3,710,813

10. Asset retirement obligations (continued):

	Landfill closure	Asbestos removal	Removal of wells, treatment plants and gravel pits	Balance at December 31, 2023
Opening balance	$ 2,096,151	$ 756,098	$ 679,756	$ 3,532,005
Accretion	52,404	18,902	16,994	88,300
Closing balance	$ 2,148,555	$ 775,000	$ 696,750	$ 3,620,305

11. Accumulated surplus:

The accumulated surplus on the Consolidated Statement of Financial Position at the end of the year is comprised of the following:

	2024	2023
Investment in tangible capital assets	$ 143,230,457	$ 137,895,640
Asset retirement obligation	(2,583,370)	(2,492,862)
Reserves set aside for a specific purpose	19,308,159	20,306,217
Reserve funds set aside for a specific purpose	145,762	197,005
Unfunded tangible capital assets	(2,647,500)	(2,647,500)
	$ 157,453,508	$ 153,258,500

The Municipality has raised through taxation $1,127,443 in costs to meet its asset retirement obligation as of December 31, 2024. Therefore, the amount to be raised in future years has been reduced by this amount.

12. Budget figures:

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

13. Commitments:

The Municipality has entered into an agreement with the Ontario Provincial Police for the provision of police services. The total cost incurred for the year ended December 31, 2024 was $1,854,106 (2023 - $1,822,395).

The Municipality has contracted with a third party to operate its wastewater system. The ten-year contract began in 2013 and was renewed in 2024 for a five year term ending December 31, 2028. There is a provision for one additional renewable term of five years. The contracted amount for 2024 was $265,145. In addition, the contract has provisions for additional costs. The wastewater system is owned by and registered in the name of the Municipality.

The Municipality contracted in 2019 with a third party to provide solid waste and recycling collection commencing in September 2020 for $849,160 per year. The contract has provisions for additional costs for other services.

14. Contingencies:

During the normal course of operations, the Municipality is subject to various legal actions. The settlement of these actions is not expected to have a material effect on the consolidated financial statements of the Municipality.

15. Financial risks and concentration of risk:

The Municipality is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Municipality’s financial performance.

(a) Market risk:

The Municipality's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. It is the Municipality's opinion that the Municipality is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

(b) Credit risk:

The Municipality’s principal financial assets that are subject to credit risk are cash, accounts receivable, and taxes receivable. The carrying amounts of financial assets on the Statement of Financial Position represent The Municipality’s maximum credit exposure as at the Statement of Financial Position date.

15. Financial risks and concentration of risk (continued):

(c) Liquidity risk:

The Municipality mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. 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.

16. Adjustment to comparative information:

During the year, the Municipality identified certain prior period errors within the December 31, 2023 financial statements. The errors related to: (i) the recognition of debt and a corresponding receivable associated with financing for the Seniors' Centre project that had not yet been issued; (ii) the presentation of certain development charge reserve fund deficit balances as negative deferred revenue rather than as unfunded capital expenditures within accumulated surplus; and (iii) the recognition of an accrued liability and corresponding work-in-progress asset related to a project where construction had not commenced as at December 31, 2023. These corrections have been applied to the comparative information presented in the financial statements. Accordingly, the comparative information has been adjusted as follows:

	As reported	Adjustment	Adjusted balance
Consolidated Statement of Financial Position:			
Accounts receivable	$ 7,330,470	$ (880,095)	$ 6,450,375
Total financial assets	39,461,919	(880,095)	38,581,824
Accounts payable and accrued liabilities	7,004,099	(1,321,685)	5,682,414
Deferred revenue	9,688,821	2,647,500	12,336,321
Net long-term liabilities	10,480,114	(880,096)	9,600,018
Total liabilities	30,793,339	445,719	31,239,058
Net financial assets	8,668,580	(1,325,814)	7,342,766
Tangible capital assets	146,948,047	(1,321,686)	145,626,361
Accumulated surplus	155,906,000	(2,647,500)	153,258,500
Consolidated Statement of Operations and Accumulated Surplus:			
Accumulated surplus, beginning	149,798,961	(2,647,500)	147,151,461
Accumulated surplus, ending	155,906,000	(2,647,500)	153,258,500
Net financial assets, end of year	4,695,266	2,647,500	7,342,766

Amounts in the table above have been rounded to the nearest dollar. As a result, certain individual adjustments may not recalculate exactly to the adjusted balances presented in the consolidated financial statements.

In addition to the adjustments described above, certain comparative balances have been reclassified for presentation purposes to conform with the current year's financial statement presentation. These reclassifications are not included in the table above and had no impact on the previously reported annual surplus.

17. Segmented information:

Segmented information is presented on Schedule 1. The Municipality of Thames Centre is a diversified municipality and provides a wide 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.

The general government segment includes such functions as finance and information services, council and administrative offices.

Protection services includes policing through contracted services, fire protection, conservation authority, protective inspection and control, and emergency measures.

Transportation services provide the winter and summer maintenance, repairs and construction of the municipal roads system including bridges and culverts.

Environmental services includes water, wastewater, waste disposal, storm management and the maintenance of Thames Centre landfill site.

Health services includes cemetery operations, including the administration, maintenance and operation of municipal cemetery services.

Recreation includes facilities, parks, leisure programs, and the library.

Planning and agriculture manages rural development and facilitates economic development.

MUNICIPALITY OF THAMES CENTRE

Schedule 1 - Consolidated Segmented Information (continued)

Year ended December 31, 2024

	General Government	Protection Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Agriculture	Total
Revenue:								
Taxation	$ 12,057,747	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,057,747
User fees	42,001	547,943	26,282	5,891,758	142,491	1,771,291	148,781	8,570,547
Government grants - operating	969,200	146,089	668,600	658,493	-	162,100	64,311	2,668,793
Investment income	570,578	-	-	283,376	32,843	-	4,364	891,161
Penalty and interest on taxes	287,865	-	-	-	-	-	-	287,865
Other	8,210	33,060	(48,031)	-	-	1,318,328	-	1,311,567
Developer contributions related to capital	-	8,689	304,939	1,657,778	-	215,480	-	2,186,886
	13,935,601	735,781	951,790	8,491,405	175,334	3,467,199	217,456	27,974,566
Expenditures:								
Salaries and benefits	1,644,969	1,275,755	1,171,729	912,730	135,901	1,921,706	350,416	7,413,206
Materials, goods and services	766,817	2,608,409	2,189,629	2,637,229	48,389	1,559,035	26,187	9,835,695
Rents and financial expenses	8,845	6,218	4,375	170,987	-	105,994	359	296,778
Amortization	104,548	100,618	2,694,101	1,649,783	3,117	1,313,809	996	5,866,972
	2,525,179	3,991,000	6,059,834	5,370,729	187,407	4,900,544	377,958	23,412,651
Surplus (deficit) before the undernoted item	11,410,422	(3,255,219)	(5,108,044)	3,120,676	(12,073)	(1,433,345)	(160,502)	4,561,915
Gain (loss) on disposal	$ -	$ -	$ (366,907)	$ -	$ -	$ -	$ -	$ (366,907)
Annual surplus (deficit)	$ 11,410,422	$ (3,255,219)	$ (5,474,951)	$ 3,120,676	$ (12,073)	$ (1,433,345)	$ (160,502)	$ 4,195,008

MUNICIPALITY OF THAMES CENTRE

Schedule 1 - Consolidated Segmented Information (continued)

Year ended December 31, 2023

	General Government	Protection Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Agriculture	Total
Revenue:								
Taxation	$ 11,792,299	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,792,299
User fees	30,206	421,240	31,984	5,857,945	147,702	1,615,858	199,042	8,303,977
Government grants - operating	975,440	50,264	648,973	1,738,769	-	77,960	61,538	3,552,944
Investment income	1,070,567	-	-	-	32,329	-	779	1,103,675
Penalty and interest on taxes	265,644	-	-	-	-	-	-	265,644
Other	3,250	250	(743,993)	-	50	652,176	-	(88,267)
Developer contributions related to capital	-	48,113	351,526	1,990,070	-	432,519	-	2,822,228
	14,137,406	519,867	288,490	9,586,784	180,081	2,778,513	261,359	27,752,500
Expenditures:								
Salaries and benefits	1,264,075	978,984	1,074,254	893,283	135,846	1,856,380	378,630	6,581,452
Materials, goods and services	657,641	2,462,529	2,173,367	2,646,441	58,123	1,528,405	111,639	9,638,145
Rents and financial expenses	6,971	6,533	4,268	185,395	-	112,254	5,265	320,686
Amortization	78,429	87,193	2,503,126	1,594,257	3,117	1,036,129	996	5,303,247
	2,007,116	3,535,239	5,755,015	5,319,376	197,086	4,533,168	496,530	21,843,530
Surplus (deficit) before the undernoted item	12,130,290	(3,015,372)	(5,466,525)	4,267,408	(17,005)	(1,754,655)	(235,171)	5,908,970
Gain (loss) on disposal	$ -	$ -	$ 198,066	$ -	$ -	$ -	$ -	$ 198,066
Annual surplus (deficit)	$ 12,130,290	$ (3,015,372)	$ (5,268,459)	$ 4,267,408	$ (17,005)	$ (1,754,655)	$ (235,171)	$ 6,107,036