

Consolidated Financial Statements of

**THE CORPORATION OF THE  
CITY OF SAULT STE. MARIE**

Year ended December 31, 2024

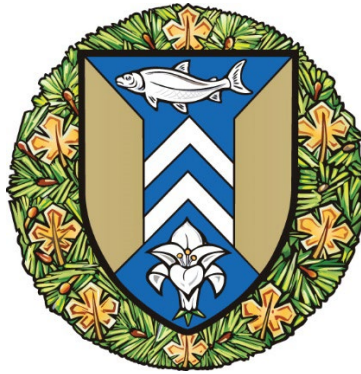
# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Consolidated Financial Statements

Year ended December 31, 2024

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### **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of The Corporation of The City of Sault Ste. Marie (the "City") are the responsibility of the City'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 are described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City'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 finance committee 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 City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

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Chief Administrative Officer

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Chief Financial Officer / City Treasurer

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of The City of Sault Ste. Marie

### ***Opinion***

We have audited the consolidated financial statements of The Corporation of The City of Sault Ste. Marie (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and 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 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 City 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 City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Responsibilities of Management and Those Charged with Governance for the 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 City's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 City 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.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

Date

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents	\$ 75,814,621	\$ 69,850,134
Temporary investments (note 3)	22,971,863	21,876,416
Taxes receivable (note 4)	8,281,306	8,070,397
Other current assets	384	-
Accounts receivable	51,521,984	41,615,336
Investment in government business enterprises (note 9)	98,173,018	92,927,631
	<u>256,763,176</u>	<u>234,339,914</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	39,860,636	31,222,745
Temporary advances from trust funds	10,475	571,584
Deferred revenue - obligatory reserve funds (note 5)	8,991,955	7,667,246
Net long-term liabilities (note 6):		
The Corporation of the City of Sault Ste. Marie	13,434,739	14,152,543
Net long-term liabilities (note 7):		
Public Utilities Commission of the City of Sault Ste. Marie	5,016,442	4,877,477
Net long-term liabilities (note 8):		
Sault Ste. Marie Public Library	2,174,348	2,302,680
Employee future benefit obligations (note 15)	39,486,498	38,618,149
Asset retirement obligations (note 16)	46,506,956	44,080,256
	<u>155,482,049</u>	<u>143,492,680</u>
Net financial assets	101,281,127	90,847,234
<b>Non-financial assets:</b>		
Tangible capital assets (note 17)	658,583,683	641,230,972
Prepaid expenses	613,031	651,427
Inventories	8,871,130	3,987,788
	<u>668,067,844</u>	<u>645,870,187</u>
Contingent liabilities (note 14)		
Accumulated surplus (note 18)	<u>\$ 769,348,971</u>	<u>\$ 736,717,421</u>

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

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

## Consolidated Statement of Operations and Accumulated Surplus

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

	Budget (note 10)	2024	2023
<b>Revenue:</b>			
Property taxation	\$ 143,335,325	\$ 144,053,458	\$ 137,833,445
Taxation from other governments	4,888,407	4,929,052	4,694,249
Fees and user charges	61,917,159	63,785,017	57,891,478
Government grants (note 19)	41,683,368	37,605,952	46,214,483
Interest income	7,799,000	11,035,979	7,988,459
Other	2,037,407	6,437,690	8,914,267
Developer contributions (note 17)	-	105,729	7,642,877
Gain on disposal of tangible capital assets	-	172,119	49,924
Net income of government business enterprises (note 9)	-	5,855,467	6,828,604
<b>Total revenue</b>	<b>261,660,666</b>	<b>273,980,463</b>	<b>278,057,786</b>
<b>Expenses:</b>			
General government	20,049,508	20,762,803	19,704,275
Protection services	59,256,779	61,299,822	54,141,929
Transportation services	39,023,017	45,017,967	42,823,319
Environmental services	30,331,001	25,398,259	29,808,711
Health services	4,396,179	4,433,322	4,443,403
Social and family services	22,265,233	22,059,029	21,046,669
Recreation and cultural services	25,174,501	27,887,077	22,471,886
Planning and development	3,282,118	5,579,236	4,646,222
Amortization of tangible capital assets	26,485,141	26,484,698	24,296,754
<b>Total expenses</b>	<b>230,263,477</b>	<b>238,922,213</b>	<b>223,383,168</b>
Annual surplus before the undernoted	31,397,189	35,058,250	54,674,618
Asset retirement obligation accretion expense (note 16)	-	2,426,700	1,691,237
<b>Annual surplus</b>	<b>31,397,189</b>	<b>32,631,550</b>	<b>52,983,381</b>
Accumulated surplus, beginning of year	736,717,421	736,717,421	683,734,040
<b>Accumulated surplus, end of year</b>	<b>\$ 768,114,610</b>	<b>\$ 769,348,971</b>	<b>\$ 736,717,421</b>

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

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

## Consolidated Statement of Changes in Net Financial Assets

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

	Budget (note 10)	2024	2023 (Restated - note 2)
Annual surplus	\$ 31,397,189	\$ 32,631,550	\$ 52,983,381
Acquisition of tangible capital assets	(43,883,601)	(43,900,806)	(64,658,261)
Amortization of tangible capital assets	26,485,141	26,484,698	24,296,754
Loss (gain) on sale of tangible capital assets	-	(172,119)	(49,924)
Proceeds on sale of tangible capital assets	-	235,516	73,443
	13,998,729	15,278,839	12,645,393
Change in prepaid expenses	-	38,396	(289,156)
Change in inventories	-	(4,883,342)	(237,227)
Change in net financial assets	13,998,729	10,433,893	12,119,010
Net financial assets, beginning of year	90,847,234	90,847,234	78,728,224
Net financial assets, end of year	\$ 104,845,963	\$ 101,281,127	\$ 90,847,234

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

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

## Consolidated Statement of Cash Flows

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

	2024	2023
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 32,631,550	\$ 52,983,381
Items not involving cash:		
Amortization of tangible capital assets	26,484,698	24,296,754
Loss (gain) on sale of tangible capital assets	(172,119)	(49,924)
Developer contributions	(105,729)	(7,642,877)
Change in future employee benefit obligations	868,349	(500,873)
Change in landfill closure and post-closure liability	2,240,426	1,691,237
Change in facility retirement obligation	186,273	
Gain on settlement of long-term debt	-	(513,087)
Net income of government business enterprise	(5,855,467)	(6,828,604)
	56,277,981	63,436,007
Change in non-cash assets and liabilities:		
Taxes receivable	(210,909)	(1,921,961)
Accounts receivable	(9,906,648)	14,012,893
Other current assets	(384)	
Prepaid expenses	38,396	(289,156)
Inventories	(4,883,342)	(237,227)
Accounts payable and accrued liabilities	8,637,891	(2,199,835)
Deferred revenue - obligatory reserves	1,324,709	(3,463,360)
Temporary advances from (to) trust funds	(561,109)	410,654
	50,716,585	69,748,015
Capital activities:		
Proceeds on sale of tangible capital assets	235,516	73,443
Cash used to acquire tangible capital assets	(43,795,077)	(57,015,384)
	(43,559,561)	(56,941,941)
Investing activities:		
Dividends received from government business enterprises	610,080	1,700,160
	610,080	1,700,160
Financing activities:		
Proceeds from long-term liabilities	1,025,000	17,500,000
Repayment of long-term liabilities	(1,732,171)	(1,318,740)
	(707,171)	16,181,260
Net change in cash	7,059,933	30,687,494
Cash and cash equivalents, beginning of year	91,726,550	61,039,056
Cash and cash equivalents, end of year	\$ 98,786,484	\$ 91,726,550
Cash position consists of:		
Cash and cash equivalents	\$ 75,814,621	\$ 69,850,134
Temporary investments	22,971,863	21,876,416
	\$ 98,786,484	\$ 91,726,550

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

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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The City of Sault Ste. Marie (the “City”) is a municipality that was created on April 16, 1912 pursuant to the Municipal Act. The City provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

## 1. Significant accounting policies:

The consolidated financial statements of the City are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the City are as follows:

### (a) Basis of consolidation:

#### (i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues 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 City and which are owned or controlled by the City except for the City’s government business enterprises which are accounted for on the modified equity basis of accounting.

These entities and organizations include:

Sault Ste. Marie Police Services Board  
Public Utilities Commission of the City of Sault Ste. Marie (“Commission”)  
Sault Ste. Marie Public Library  
Tourism Sault Ste. Marie

Interdepartmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

#### (ii) Investment in Government Business Enterprises:

The City’s investment in PUC Inc. and PUC Services Inc. is accounted for on a modified equity basis, consistent with Canadian generally accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, PUC Inc.’s and PUC Services Inc.’s accounting policies are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of PUC Inc. and PUC Services Inc. in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from PUC Inc. and PUC Services Inc. will be reflected as reductions in the investment asset account.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (a) Basis of consolidation (continued):

#### (iii) Related entities:

The consolidated financial statements do not reflect the assets, liabilities, sources of financing, expenses and the activities of the following Boards and enterprises which are not under the control of Council.

Algoma Public Health  
District of Sault Ste. Marie Social Services Administration Board  
Board of Management of Queenstown  
Sault Ste. Marie Public Region Conservation Authority

#### (iv) Trust funds:

Trust funds and their related operations administered by the City are not included in the consolidated financial statements.

### (b) Basis of accounting:

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) Revenue recognition:

The City prepared tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

### (d) Temporary investments:

Temporary investments are recorded at the lower of cost and market value.

### (e) Inventories:

Inventories held for resale are stated at the lower of cost and net realizable value, while inventories of supplies are stated at lower of cost and replacement value.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (f) Deferred revenue:

Deferred revenues include licenses, permits and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

A requirement for local governments is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. Given the restriction in use until spent on qualifying projects or expenses these amounts are deferred.

### (g) 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 (if applicable) 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
Landfill and land improvements	10 - 30 years
Buildings and building improvements	10 - 60 years
Vehicles	3 - 15 years
Machinery and equipment	5 - 25 years
Infrastructure	15 - 100 years

Half year amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### ii. Contributions for tangible capital assets:

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

#### iii. Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets and amortized over the term of the lease. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### iv. Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, tangible capital assets are recognized at a nominal value.

### v. Works of art and historical treasures:

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

### (h) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, asset retirement obligation and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

### (i) Employee future benefits:

#### i. The City provides certain benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees.

The costs of sick leave, benefits under WSIB and life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulated over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

(i) Employee future benefits (continued):

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

(j) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

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.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations. Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

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 market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

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

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (k) Asset retirement obligation:

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

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

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the City has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 1(g) i.

## 2. Change in accounting policies:

On January 1, 2024, the City adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at December 31, 2024 the City determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

## 3. Temporary investments:

Temporary investments consist of GIC's with interest rates between 4.5% to 5.5% with maturity dates ranging from February 2025 to June 2025.

## 4. Taxes receivable:

Property tax billings are prepared by the City based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the City were established based on a common valuation date which was used by the City in computing the property tax bills for 2024. However, the property tax revenue and tax receivables of the City are subject to measurement uncertainty as a number of significant appeals submitted by ratepayers have yet to be heard.

The City has established an allowance for tax appeals and other items in the amount of \$2,210,000 (2023 - \$1,150,000). Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 5. Deferred revenue – obligatory reserve funds:

The balances in the deferred revenue of the City consist of:

	2024	2023
Federal Gas Tax	\$ 1,203,681	\$ 3,438,126
Other programs	454	454
Parkland	379,678	586,733
Building permits Bill 124	2,027,401	1,957,443
Provincial Gas Tax	28,787	26,434
OCIF	2,761,529	1,637,504
NORDS	6,751	20,552
Housing Accelerator	2,156,253	–
Building Faster Fund	427,421	–
	<u>\$ 8,991,955</u>	<u>\$ 7,667,246</u>

Continuity of deferred revenue is as follows:

	2024	2023
Balance, beginning of year:		
Federal Gas Tax	\$ 3,438,126	\$ 6,803,209
Other programs	454	485
Parkland	586,733	453,358
Building permits Bill 124	1,957,443	1,907,320
Provincial Gas Tax	26,434	24,074
OCIF	1,637,504	1,581,533
NORDS	20,552	360,627
	<u>7,667,246</u>	<u>11,130,606</u>
Other revenue	12,897,625	64,790
Interest earned	422,347	485,407
Total revenue	<u>13,319,972</u>	<u>550,197</u>
Contributions received and deferred	68,621	50,123
Contributions taken into revenue	(12,063,884)	(4,063,680)
Balance, end of year	<u>\$ 8,991,955</u>	<u>\$ 7,667,246</u>

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 6. Net long-term liabilities – The Corporation of the City of Sault Ste. Marie:

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	2024	2023
Net long-term liabilities incurred by:		
The Corporation of the City of Sault Ste. Marie	\$ 13,434,739	\$ 14,152,543

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

The long-term obligations issued in the name of the City have received approval of the Ontario Municipal board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

The above long-term debt was approved through Ontario Infrastructure and Loans Corporation for the twin pad. The loan was approved on May 15, 2023, at an interest rate of 4.36% over 15 years, resulting in a semi-annual draw of \$663,557, which includes both principal and interest payments.

Interest paid on long-term debt in the year and included in current expenditures was \$609,311 (2023 - \$316,000).

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 7. Net long-term liabilities – Public Utilities Commission of the City of Sault Ste. Marie:

	2024	2023
Net long-term liabilities incurred by:		
Public Utilities Commission of the City of Sault Ste. Marie:		
(i) Line of credit facility	\$ 4,025,000	\$ 3,000,000
(ii) Term loan	991,442	1,877,477
	<u>\$ 5,016,442</u>	<u>\$ 4,877,477</u>

(i) Public Utilities Commission of the City of Sault Ste. Marie has an authorized line of credit facility available in the amount of 6,200,000. The credit facility bears interest at prime plus 0.5% and is secured by a general security agreement. At December 31, 2024, \$4,025,000 (2023 - \$3,000,000), was drawn or outstanding under the facility.

(ii) The term loan is non-revolving, repayable in blended monthly principal and interest payments of \$77,600 at 3.11% and matures on January 12, 2026.

The City guarantees payment to the lender of all present and future debts and liabilities, including interest due at any time by the Commission to the lender. Under the guarantee, the City shall be limited to the sum of \$8,000,000 together with interest from the date of demand for repayment.

Principal repayments recoverable over the next two years are as follows:

2025	\$ 913,987
2026	77,455

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 8. Net long-term liabilities – Sault Ste. Marie Public Library:

	2024	2023
Net long-term liabilities incurred by:		
Sault Ste. Marie Public Library	\$ 2,174,348	\$ 2,302,680

The Sault Ste. Marie Public Library has entered into a 20-year lease with extension options for a branch location. Capital lease repayments are due as follows:

2025	\$	214,767
2026		219,062
2027		223,443
2028		227,912
2029		148,159
2030 – 2044		2,005,062
Total minimum lease payments		3,038,405
Less amount representing interest at 4%		(864,057)
Present value of net minimum capital lease payments	\$	2,174,348

The current minimum monthly lease payments are \$17,633 plus harmonized sales tax for the first 10 years, increasing 2% per year thereafter, and \$10,100 plus harmonized sales tax for the final 10 years increasing 2% per year thereafter, expiring in March 2044 after one 5-year renewal period and options for two additional 5-year extensions.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 9. Investment in government business enterprises:

PUC Inc. is incorporated under the laws of the Province of Ontario and provides municipal electrical distribution and other services to the residents of Sault Ste. Marie as well as other communities in Northern Ontario. The City owns 100% of the outstanding shares of PUC Inc. PUC Services Inc. is incorporated under the laws of the Province of Ontario and provides management, operations and maintenance services related to water, wastewater and electrical services to its related entities and other organizations. The City owns 100% of the outstanding shares of PUC Services Inc.

The following schedule reflects the combined financial information of PUC Inc. and PUC Services Inc. as at December 31:

	2024	2023
Financial Position:		
Current assets	\$ 50,761,108	\$ 39,047,819
Notes receivable	12,677,926	8,642,329
Future income tax assets	5,986,000	5,555,000
Capital assets	177,419,496	177,335,849
Goodwill	3,596,271	3,596,271
Regulatory assets	1,110,610	2,035,390
<b>Total assets</b>	<b>\$ 251,551,411</b>	<b>\$ 236,212,658</b>
Current liabilities	\$ 47,595,281	\$ 39,581,591
Deferred revenue	9,857,662	10,113,479
Deferred tax liability	4,400,000	4,083,000
Employee future benefit obligation	1,101,216	1,573,623
Long-term debt	2,038,174	1,445,802
Deferred revenue	105,269,602	102,031,953
Lease liabilities	350,611	18,991
Regulatory liabilities	14,485,847	16,156,588
<b>Total liabilities</b>	<b>185,098,393</b>	<b>175,005,027</b>
Shareholder's equity	66,453,018	61,207,631
<b>Total liabilities and equity</b>	<b>\$ 251,551,411</b>	<b>\$ 236,212,658</b>

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 9. Investment in government business enterprises (continued):

	2024	2023
Results of operations:		
Revenues	\$ 142,949,931	\$ 136,179,999
Expenses	(137,193,048)	(128,562,965)
Provision for payment in lieu of taxes	(325,602)	(764,262)
Other comprehensive gain	424,186	(24,168)
Net income for the year	\$ 5,855,467	\$ 6,828,604

The City's investment in government business enterprises is comprised of:

Common shares	\$ 15,668,248	\$ 15,668,248
Special shares	15,513,300	15,513,300
Accumulated other comprehensive income	1,354,250	930,064
Retained earnings	33,917,220	29,096,019
Equity, end of year	66,453,018	61,207,631
Notes receivable	31,720,000	31,720,000
Investment in government business enterprises	\$ 98,173,018	\$ 92,927,631

The notes receivable include an unsecured note for \$6,720,000 bearing interest at 6.1% per annum, payable one year after demand and an unsecured note for \$25,000,000 bearing interest at rates negotiated periodically, currently 6.1%, payable one year after demand.

### *Related Party Transactions*

Related party transactions between the City and government business enterprises are as follows:

- (i) At December 31, 2024, the City has the following amounts included in the consolidated statement of financial position:

A receivable of \$10,995,137 (2023 - \$3,298,707) for sewer surcharges, interest and dividends.

A payable of \$3,576,884 (2023 - \$1,394,841) for street lighting and various electricity and water invoices.

- (ii) Revenues included in the Consolidated Statement of Operations and Accumulated Surplus of the City are:

	2024	2023
Interest on note receivable	\$ 1,934,920	\$ 1,934,920
Other interest	497,273	357,529
Dividends	610,080	1,700,160
Property taxes	341,623	336,746
	\$ 3,383,896	\$ 4,329,355

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 9. Investment in government business enterprises (continued):

### *Related Party Transactions (continued)*

- (iii) Expenses included in the Consolidated Statement of Operations and Accumulated Surplus of the City are:

	2024	2023
Management fees charged	\$ 7,680,314	\$ 7,893,187
Electricity and electricity services	4,180,879	3,814,766
Water and wastewater services	4,671,866	4,277,986
Electricity charged for streetlights	642,810	532,780
Streetlight maintenance	344,258	418,623
Sewer administration charge	402,932	337,223
	<u>\$ 17,923,059</u>	<u>\$ 17,274,565</u>

Transactions with related parties are in the normal course of operations and are recorded at the exchange amount, which is the amount agreed to by the related parties. It is management's opinion that the exchange amount represents fair market value for these services.

## 10. Budget information:

The Budget By-law adopted by Council for the 2024 year was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenses in excess of current year revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated statements of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	2024	2023
Adopted budget by-law for the year	\$ -	\$ -
Adjustments to adopted budget:		
Debt principal repayments	838,213	855,448
Investment in tangible capital assets	43,883,601	59,057,717
Amortization of tangible capital assets	(26,485,141)	(24,257,807)
Net transfer to/from reserves and other	13,160,516	(8,370,351)
Budget surplus per consolidated statement of operations and accumulated surplus	<u>\$ 31,397,189</u>	<u>\$ 27,285,007</u>

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 11. Pension agreements:

The City makes contributions to OMERS which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2024 was \$7,890,191 (2023 - \$7,150,066) is included as an expense on the consolidated statement of operations and accumulated surplus.

## 12. Operations of school boards:

During 2024, the City collected and transferred property taxes totaling \$18,615,730 (2023 - \$18,411,779) on behalf of area school boards.

## 13. Trust funds:

The trust funds administered by the City amounting to \$10,218,501 (2023 - \$9,847,968) are presented in a separate financial statement of trust fund balances and operations. Balances are held in trust by the City for the benefit of others, and as such they are not presented as part of the City's financial position or financial activities. At December 31, 2024, the trust fund balances are comprised of:

	2024	2023
Cemetery Care and Maintenance funds	\$ 6,935,958	\$ 6,742,450
Pre-need assurance	3,055,967	2,892,930
Transit employees' pension	91,643	87,136
Historic Sites	86,574	79,991
Heritage Sault Ste. Marie	33,635	32,236
Ontario Home Renewal Program	(2,803)	(2,848)
Cultural Endowment	17,527	16,073
	<u>\$ 10,218,501</u>	<u>\$ 9,847,968</u>

## 14. Contingent liabilities:

The City has been named in litigation matters, the outcome of which is not determinable and accordingly, no provision has been made for them in these consolidated financial statements. Should any loss result from these claims, such loss would be charged to operations in the year of resolution.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 15. Employee future benefit obligations:

Employee future benefits are liabilities of the City to its employees and early retirees for the following benefits earned but not taken as at December 31, 2024 are as follows:

	2024	2023
Future payments required to WSIB	\$ 12,441,218	\$ 11,948,316
Post-employment and post-retirement benefits	14,024,962	14,610,762
Vacation pay	10,360,570	9,410,423
Non-vesting sick leave benefits	2,659,748	2,648,648
<b>Employee future benefit obligations</b>	<b>\$ 39,486,498</b>	<b>\$ 38,618,149</b>

### (i) Post employment and post retirement benefits

The City provides non-pension benefits to employees and retirees until they reach 65 years of age. The values that follow have been estimated based upon employee data available during the actuarial review which was completed as at December 31, 2024.

The benefit liability continuity is as follows:

	2024	2023
Accrued benefit liability, January 1	\$ 14,610,762	\$ 15,366,791
Expense	528,800	490,284
Payments	(1,114,600)	(1,246,313)
<b>Accrued benefit liability, December 31</b>	<b>\$ 14,024,962</b>	<b>\$ 14,610,762</b>

### Significant assumptions

Discount rate	4.60%
Health cost increase	4.0% - 5.50%

### (ii) Non-vesting sick leave benefits

Sick leave benefits accrue to City employees at a rate of one and a half days per month. Unused sick days are banked and may be used in the future if sick leave is beyond yearly allocation. No cash payments are made for unused sick time upon termination or retirement.

### (iii) Accrued vacation pay

Accrued vacation pay represents the liability for vacation entitlements earned by employees but not taken as at December 31, 2024.

### (iv) Future payments required to WSIB

Under the provisions of the Workplace Safety and Insurance Board Act, the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required, to fund current disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 16. Asset retirement obligation:

The City's asset retirement obligation consists of several obligations as follows:

### a) Landfill closure:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The City owns and operates one primary landfill site, the 5th Line Landfill. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 Asset Retirement Obligation. The reported liability is based on estimates and assumptions with respect to events extending over a sixty-year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The site has capacity of approximately 3,000,000 metric tons with approximately 300,000 metric tons of remaining capacity. At current average fill rates, the site has a remaining operating life of approximately 4.2 years.

Post-closure care for the landfill sites is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2024 using a discount rate of 5.0% per annum.

### b) Asbestos removal obligations:

The City 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 or remediate these items. Following the adoption of PS3280 – Asset retirement obligations, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2022. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The transition and recognition of asset retirement obligations involved an accompanying increase to the landfill and building capital assets and the restatement of prior year numbers (see note 2).

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 16. Asset retirement obligation (continued):

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Landfill closure	Asbestos removal	Balance at December 31, 2024
Opening balance	\$ 35,515,969	\$ 8,564,287	\$ 44,080,256
Accretion expense	2,240,427	186,273	2,426,700
Closing balance	\$ 37,756,396	\$ 8,750,560	\$ 46,506,956

Asset Retirement Obligation	Landfill closure	Asbestos removal	Balance at December 31, 2023
Opening balance	\$ 33,824,732	\$ 8,564,287	\$ 42,389,019
Accretion expense	1,691,237	–	1,691,237
Closing balance	\$ 35,515,969	\$ 8,564,287	\$ 44,080,256

Obligations related to landfill closure will be funded from future taxation revenues. The City has established a reserve to contribute to the cost of closing and maintaining the landfill site of \$13,858,802 (2023 - \$13,643,243).

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 17. Tangible capital assets:

	2024								
	Land	Landfill and Land Improvements	Buildings and Building Improvements	Infrastructure	Machinery and Equipment	Vehicles	Assets under Capital Lease	Assets under Construction	Total
Cost									
Balance, beginning of the year	\$ 29,061,202	\$ 25,650,189	\$ 151,448,602	\$ 701,424,469	\$ 39,830,091	\$ 50,693,282	\$ 2,939,891	\$ 53,531,558	\$ 1,054,579,284
Additions	10,116	6,043,382	5,054,987	23,785,475	3,879,136	7,602,202	-	12,632,440	59,007,738
Disposals	(4,411)	-	-	-	(376,802)	(1,871,819)	(6,764)	(15,100,167)	(17,359,963)
Balance, end of year	29,066,907	31,693,571	156,503,589	725,209,944	43,332,425	56,423,665	2,933,127	51,063,831	1,096,227,059
Accumulated Amortization									
Balance, beginning of the year	-	(20,356,553)	(56,839,060)	(285,620,781)	(22,033,803)	(27,939,537)	(558,578)	-	(413,348,312)
Disposals/ transfers	-	-	-	-	375,975	1,813,659	-	-	2,189,634
Amortization expense	-	(1,140,255)	(3,209,446)	(15,511,335)	(2,554,443)	(3,951,904)	(117,315)	-	(26,484,698)
Balance, end of year	-	(21,496,808)	(60,048,506)	(301,132,116)	(24,212,271)	(30,077,782)	(675,893)	-	(437,643,376)
Net book value, end of year	\$ 29,066,907	\$ 10,196,763	\$ 96,455,083	\$ 424,077,828	\$ 19,120,154	\$ 26,345,883	\$ 2,257,234	\$ 51,063,831	\$ 658,583,683
Net book value, beginning of year	\$ 29,061,202	\$ 5,293,636	\$ 94,609,542	\$ 415,803,688	\$ 17,796,288	\$ 22,753,745	\$ 2,381,313	\$ 53,531,558	\$ 641,230,972

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 17. Tangible capital assets (continued):

	2023								
	Land	Landfill and Land Improvements	Buildings and Building Improvements	Infrastructure	Machinery and Equipment	Vehicles	Assets under Capital Lease	Assets under Construction	Total
<b>Cost</b>									
Balance, beginning of the year	\$ 28,699,218	\$ 24,648,640	\$ 106,314,613	\$ 662,956,375	\$ 37,164,765	\$ 47,589,455	\$ 2,507,319	\$ 87,422,442	\$ 997,302,827
Additions	368,607	1,001,549	45,649,914	43,384,123	3,897,188	3,747,190	432,572	17,040,944	115,522,087
Disposals and transfers	(6,623)	-	(515,925)	(4,916,029)	(1,231,862)	(643,363)	-	(50,931,828)	(58,245,630)
Balance, end of year	29,061,202	25,650,189	151,448,602	701,424,469	39,830,091	50,693,282	2,939,891	53,531,558	1,054,579,284
<b>Accumulated Amortization</b>									
Balance, beginning of the year	-	(19,738,379)	(54,606,728)	(275,792,564)	(20,924,909)	(24,878,990)	(468,275)	-	(396,409,845)
Disposals/transfers	-	-	515,925	4,915,448	1,215,549	643,363	68,002	-	7,358,287
Amortization expense	-	(618,174)	(2,748,257)	(14,743,665)	(2,324,443)	(3,703,910)	(158,305)	-	(24,296,754)
Balance, end of year	-	(20,356,553)	(56,839,060)	(285,620,781)	(22,033,803)	(27,939,537)	(558,578)	-	(413,348,312)
Net book value, end of year	\$ 29,061,202	\$ 5,293,636	\$ 94,609,542	\$ 415,803,688	\$ 17,796,288	\$ 22,753,745	\$ 2,381,313	\$ 53,531,558	\$ 641,230,972
Net book value, beginning of year	\$ 28,699,218	\$ 4,910,261	\$ 51,707,887	\$ 387,163,811	\$ 16,239,656	\$ 22,710,465	\$ 2,039,244	\$ 87,422,442	\$ 600,892,984

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 17. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$51,063,829 (2023 - \$53,531,558) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### b) Developer contributions:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year was \$105,729 (2023 - \$7,642,877) comprised of water infrastructure, land and roads infrastructure.

## 18. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2024	2023
		(Restated – Note 2)
Surplus:		
Invested in tangible capital assets	\$ 658,583,683	\$ 641,230,972
Invested in government business enterprises	98,173,018	92,927,631
Sanitary sewer	-	22,609,723
Operating fund	18,875,280	24,278,550
Unfunded		
Net long-term liabilities	(16,600,529)	(21,332,700)
Asset retirement obligations	(46,506,956)	(44,080,256)
Employee benefits	(39,486,498)	(38,618,149)
Total surplus	673,038,000	677,015,771
Reserves set aside for specific purpose by Council:		
Acquisition of tangible capital assets	4,002,172	4,311,159
Planning and development	406,750	792,899
Other programs	44,859,422	38,587,755
Waste disposal site	13,858,802	13,643,243
Total reserves	63,127,146	57,335,056
Reserve funds set aside for specific purpose by Council:		
Senior's Advisory Council	112,946	112,946
Cemetery development	745,755	542,519
Industrial land	953,830	369,355
Property purchases	1,097,791	1,202,848
Hospital development	151,289	138,926
Sanitary capital	30,122,214	-
Total reserve funds	33,183,825	2,366,594
	\$ 769,348,971	\$ 736,717,421

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 19. Government grants:

The City recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the consolidated statement of operations and accumulated surplus are:

	2024	2023
Provincial grants	\$ 29,086,055	\$ 35,580,399
Federal grants	8,422,817	10,630,669
Other grants	97,080	3,415
Total	\$ 37,605,952	\$ 46,214,483

## 20. Comparative information:

Certain of the prior year's comparative information has been reclassified to conform to the current year's presentation.

## 21. Segmented information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens. City services are provided by departments and certain departments have been separately disclosed in the segmented information, along with the services they provide. These departments are:

### General Government

General Government is comprised of City Council, the Mayor's Office, and the Chief Administrators' Office (CAO).

The Chief Administrators' Office is charged with the responsibility of coordinating the work of all municipal departments and ensuring that those departments carry out the policies and directions given by City Council.

### Corporate Services

Corporate Services is comprised of the Clerks Department, Human Resources Department, the Finance Department and the Information Technology Department. Each of these departments provides program support to various other areas.

The Clerks Department's primary task is to function as the corporate secretary to City Council, ensuring that all Council Agendas, Minutes of proceedings, resolutions, decisions, voting, records, and accounts are recorded, documented and certified.

The Human Resources Department is charged with negotiation and administration of all collective agreements as well as all facets of employment and employee benefits.

The Finance Department is responsible for the City's general financial management and budget preparation. The department is comprised of financial administration, accounting, tax and licensing, and purchasing activities.

### Legal Services

The Legal Department is responsible for the preparation of by-laws, deeds, leases, agreements and other legal documents, as well as property management for the City in regard to purchases, sales, leasing, easements and related agreements. Prosecutions and administration of Provincial Offences Act is also part of their responsibility.

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 21. Segmented information (continued):

### Fire Services

Fire Services is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. It is also responsible, through its Emergency Medical Services, for pre-hospital emergency paramedical care and the transport of the sick and injured.

### Public Works and Engineering

The Public Works Department is responsible for maintenance of municipal infrastructure, such as streets, sewers, and parks. The department provides solid waste management through refuse collection, recycling programs, and sanitary landfill management. The department is also responsible for traffic control, including signage, signals and pavement markings.

The Engineering Department is comprised of Building Services and Engineering and Construction. Building Services provides maintenance, janitorial services and security for the Civic Centre and Ontario Works. The Engineering and Construction Division provides services associated with engineering design, construction, technical services, and special project initiatives.

### Community Development and Enterprise Services

The Community Services Department provides public services for Cemeteries & Crematorium, Central Administration, Community Centres, Recreation and Culture, Transit, and Parking. The Tourism and Community Development Department is responsible for tourism sector development and advancing the Future SSM community development strategy. The Economic Development Department is responsible for business support, attraction, and entrepreneur services. The Planning & Enterprise Services Department facilitates economic development by providing services for the approval of all land development plans and the application of enforcement of zoning by-laws.

### Outside Agencies

These agencies are approved by Council through grant agreements or Memorandums of Agreement. This segment includes grants to the Art Gallery of Algoma, Sault Ste. Marie Museum, Canadian Bushplane Heritage Museum, Algoma University, Pee Wee Arena, and Sault Ste. Marie Innovation Centre. The Sault Ste. Marie Police Service and Sault Ste. Marie Public Library report to City Council through their Boards.

### Levy Boards

These Boards provide the City amounts to be collected on their behalf. Levy Boards include Algoma Public Health, the Sault Ste. Marie Region Conservation Authority, and the Sault Ste. Marie District Social Services Administration Board (DSSAB).

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

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

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 21. Segmented information:

	2024									
	General Government	Corporate Services	Legal Services	Fire Services	Public Works and Engineering	Community Development and Enterprise Services	Outside Agencies	Levy Boards	Government Business Enterprises	Total
<b>Revenue:</b>										
Taxation	\$ 2,424,108	\$ 10,674,897	\$ 2,372,821	\$ 14,934,444	\$ 38,639,452	\$ 18,456,155	\$ 36,811,400	\$ 24,669,233	\$ -	\$ 148,982,510
Fees and user charges	-	149,090	1,611,214	1,052,875	48,055,115	12,308,809	607,914	-	-	63,785,017
Government grants	827,047	1,951,960	404,392	1,615,436	18,092,383	6,321,558	8,393,176	-	-	37,605,952
Interest income	9,508,379	-	31,524	-	1,495,173	903	-	-	-	11,035,979
Gain on disposal of tangible capital assets	172,119	-	-	-	-	-	-	-	-	172,119
Other	2,371,300	184,825	-	54,269	1,172,467	1,547,130	1,213,428	-	-	6,543,419
Net income of government business enterprise	-	-	-	-	-	-	-	-	5,855,467	5,855,467
	15,302,953	12,960,772	4,419,951	17,657,024	107,454,590	38,634,555	47,025,918	24,669,233	5,855,467	273,980,463
<b>Expenses:</b>										
Salaries, wages and employee benefits	1,265,278	7,011,936	1,722,322	15,661,261	29,999,935	21,416,490	38,331,409	-	-	115,408,631
Materials	1,293,829	618,070	77,898	1,229,315	23,895,748	10,622,085	6,583,845	-	-	44,320,790
Contracted services	85,807	2,482,078	213,107	261,613	11,790,422	3,694,107	2,703,084	-	-	21,230,218
Rents and financial	1,353,760	2,889,611	71,079	6,044	15,421	570,360	158,674	-	-	5,064,949
Grants to others	58,893	509	-	-	-	102,288	1,582,004	24,669,233	-	26,412,927
Amortization of tangible capital assets	53,645	159,949	-	592,100	21,222,920	2,684,194	1,771,890	-	-	26,484,698
	4,111,212	13,162,153	2,084,406	17,750,333	86,924,446	39,089,524	51,130,906	24,669,233	-	238,922,213
Accretion expense	7,069	-	-	17,221	2,319,087	56,203	27,120	-	-	2,426,700
Annual surplus (deficit)	\$ 11,184,672	\$ (201,381)	\$ 2,335,545	\$ (110,530)	\$ 18,211,057	\$ (511,172)	\$ (4,132,108)	\$ -	\$ 5,855,467	\$ 32,631,550

# THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 21. Segmented information (continued):

	2023									
	General Government	Corporate Services	Legal Services	Fire Services	Public Works and Engineering	Community Development and Enterprise Services	Outside Agencies	Levy Boards	Government Business Enterprises	Total
<b>Revenue:</b>										
Taxation	\$ 6,767,840	\$ 8,859,276	\$ 2,335,814	\$ 13,399,055	\$ 35,099,838	\$ 16,305,555	\$ 36,274,029	\$ 23,486,287	\$ -	\$ 142,527,694
Fees and user charges	-	138,286	1,385,635	974,442	43,488,504	11,295,623	608,988	-	-	57,891,478
Government grants	627,007	1,612,937	437,350	2,450,128	26,263,990	6,624,409	8,198,662	-	-	46,214,483
Interest income	8,092,413	-	21,656	-	(56,987)	(68,623)	-	-	-	7,988,459
Gain (loss) on disposal of tangible capital assets	-	-	(6,622)	10,142	52,412	-	(6,008)	-	-	49,924
Other	2,788,058	703,427	-	12,295	11,076,840	1,670,509	306,015	-	-	16,557,144
Net income of government business enterprise (note 6)	-	-	-	-	-	-	-	-	6,828,604	6,828,604
	18,275,318	11,313,926	4,173,833	16,846,062	115,924,597	35,827,473	45,381,686	23,486,287	6,828,604	278,057,786
<b>Expenses:</b>										
Salaries, wages and employee benefits	1,338,605	6,845,283	1,648,643	14,441,143	26,878,693	19,482,205	33,231,298	-	-	103,865,870
Materials	1,477,621	559,109	85,781	1,261,153	28,735,322	8,205,671	5,438,540	-	-	45,763,197
Contracted services	1,253,751	1,627,331	220,968	390,083	12,395,802	4,351,875	1,436,344	-	-	21,676,154
Rents and financial	356,845	1,404,744	70,492	6,015	12,151	406,974	174,577	-	-	2,431,798
Grants to others	167,974	-	-	-	-	52,589	1,642,545	23,486,287	-	25,349,395
Amortization of tangible capital assets	14,949	247,659	-	513,724	19,488,567	2,312,939	1,718,916	-	-	24,296,754
	4,609,745	10,684,126	2,025,884	16,612,118	87,510,535	34,812,253	43,642,220	23,486,287	-	223,383,168
Landfill closure and post closure liability expense	-	-	-	-	1,691,237	-	-	-	-	1,691,237
<b>Annual surplus</b>	<b>\$ 13,665,573</b>	<b>\$ 629,800</b>	<b>\$ 2,147,949</b>	<b>\$ 233,944</b>	<b>\$ 26,722,825</b>	<b>\$ 1,015,220</b>	<b>\$ 1,739,466</b>	<b>\$ -</b>	<b>\$ 6,828,604</b>	<b>\$ 52,983,381</b>