



Corporation of the Town of Deep River

Year-End Audit Report 2024 Fiscal Year

Presentation to Town Council

—

October 8th, 2025

01 Audit Highlights

- Our audit procedures were executed in accordance with Canadian Auditing Standards and are based on a materiality of \$463,000
 - Calculated as 3% current year's revenues
 - Results in a posting threshold of \$23,000
- We are prepared to issue our audit opinion on the Town's financial statements pending:
 - Council approval of the financial statements
 - Receipt of the management representation letter
 - Final assembly of our audit file
- The Town's financial statements include a Statement of Remeasurement Losses which track unrealized investment gains and losses as a separate component of accumulated surplus

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01 Audit Highlights

	Response
Disagreements or difficulties with management	No matters to report
Internal control findings	No matters to report
Indicators of fraud	No matters to report
Indicators of contravention of regulation or legislation	No matters to report
New accounting standards	During the year, the Town adopted the provisions of <i>PS 3400 Revenue</i> . There are no changes to the Town’s financial reporting as a result of the new standard.
Significant unusual transactions	During the year, the Town obtained additional information concerning its asset retirement obligation relating to asbestos and other contamination. As a result, the Town has recorded decreases in its asset retirement obligation and net book value of tangible capital assets, with a corresponding increase in its accumulated surplus. As this represents a change in accounting estimate, it was been recorded on a prospective basis with no restatement of the prior year’s financial statements.
Uncorrected audit differences	No matters to report
Corrected audit differences	No matters to report



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02 Financial Statement Overview

THE CORPORATION OF THE TOWN OF DEEP RIVER

Consolidated Statement of Financial Position
December 31, 2024, with comparative information for 2023

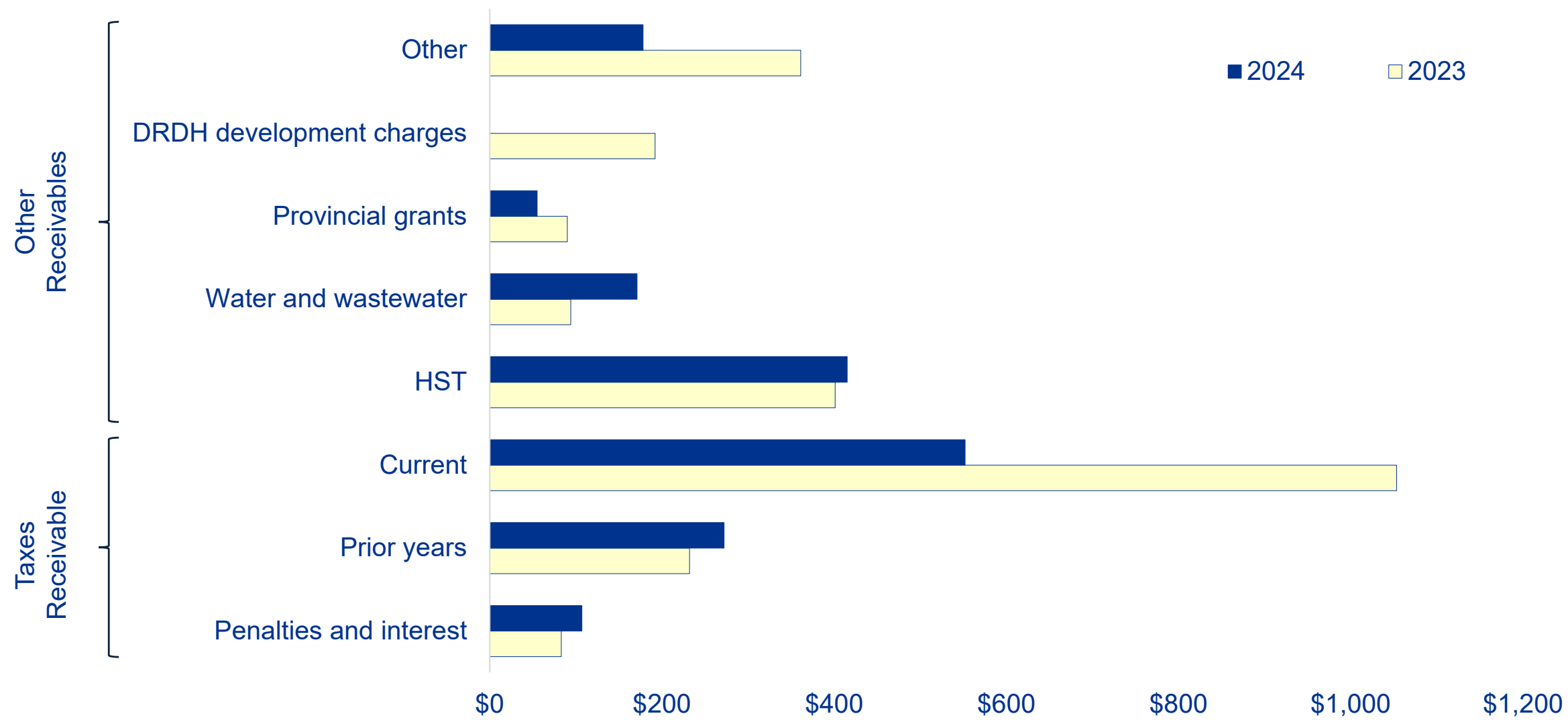
	2024	2023
Financial assets		
Cash (note 3)	\$ -	\$ 918,615
Investments (note 4)	707,351	630,646
Taxes receivable (note 5)	931,417	1,367,714
Trade and other receivables (note 6)	818,614	1,138,654
Loans receivable (note 7)	126,587	187,595
Inventories for resale	5,886	7,294
	2,589,855	4,250,518
Financial liabilities		
Bank indebtedness (note 3)	558,750	-
Accounts payable and accrued liabilities	3,384,478	2,609,384
Deferred revenue - general	7,399	37,505
Deferred revenue - obligatory reserves	-	146,992
Long-term debt (note 8)	6,917,176	7,420,012
Employee benefits and post-employment liabilities (note 9)	1,774,834	1,770,727
Asset retirement obligations (note 11)	1,846,092	5,777,017
	14,488,729	17,761,637
Net financial debt	(11,898,874)	(13,511,119)
Non-financial assets		
Tangible capital assets (note 12)	39,497,214	36,296,935
Inventory of supplies	3,998	4,082
Prepaid expenses	41,354	46,079
	39,542,566	36,347,096
Commitments (note 16)		
Accumulated surplus (note 13)	\$ 27,643,692	\$ 22,835,977
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 27,702,852	\$ 22,835,977
Accumulated remeasurement losses	(59,160)	-
	\$ 27,643,692	\$ 22,835,977

- Cash and investment balances decreased from \$1.5 million in 2023 to \$0.1 million in 2024, reflecting:
 - Cash adjusted operating surplus +\$3.2 million
 - Working capital changes +\$1.4 million
 - Acquisition of capital assets -\$5.8 million
 - Principal repayment of long-term debt -\$0.5 million
- Taxes and other receivables decreased by \$0.8 million, primarily due to:
 - Lower taxes (PIL) receivable from AECL/CNL -\$559K
 - DRDH development charges receivable in 2023 but not present in 2024 -\$192K
- Accounts payable and accrued liabilities increased by \$0.8 million, reflecting higher capital payables at year-end



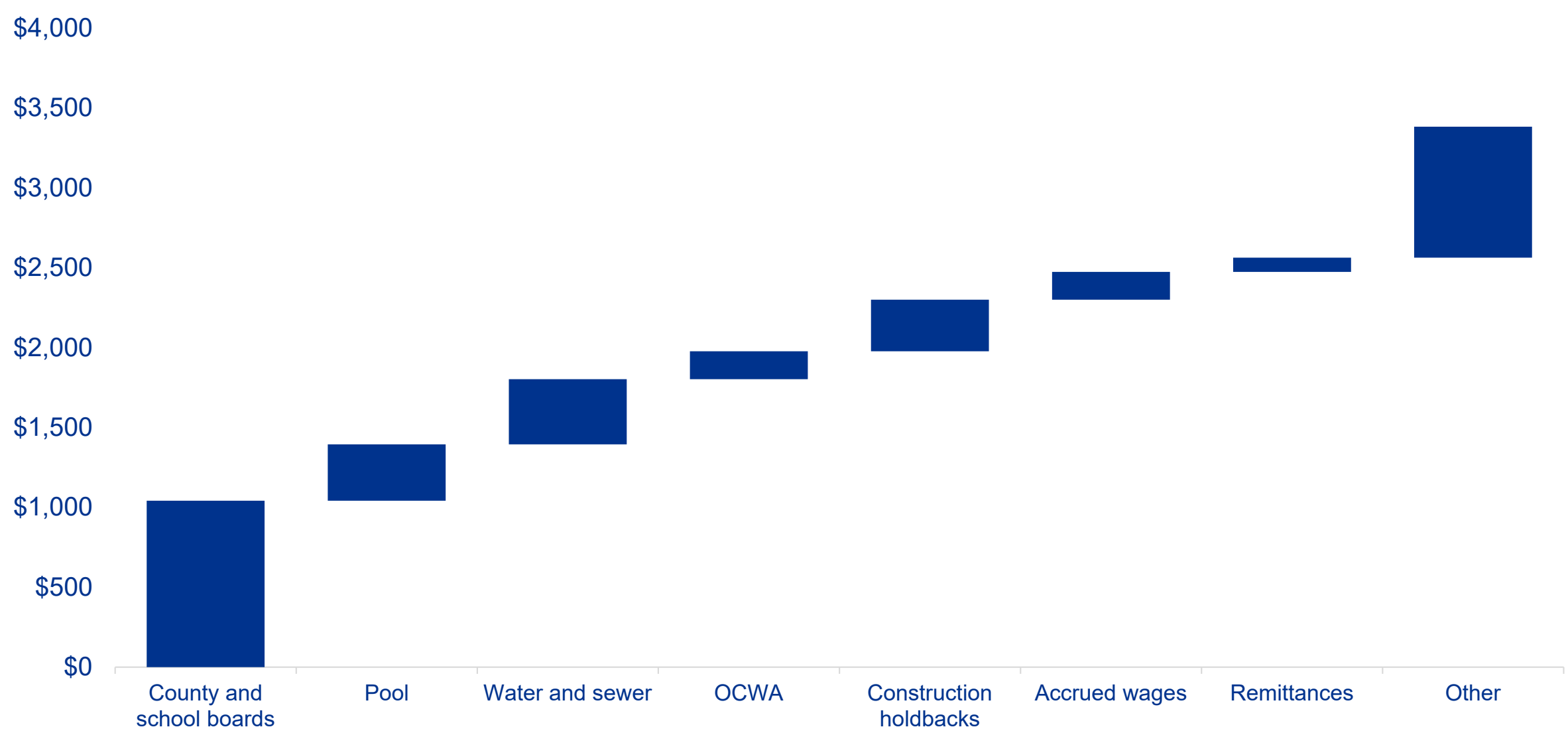
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02 Accounts Receivable (in thousands)



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02 Accounts Payable (in thousands)



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02 Financial Statement Overview

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	14,488,728	17,761,637
Net financial debt	(11,898,873)	(13,511,119)
Non-financial assets		
Tangible capital assets	39,497,213	36,296,935
Inventory of supplies	3,998	4,082
Prepaid expenses	41,354	46,079
	39,542,565	36,347,096
Contingent liabilities		
Commitments		
Accumulated surplus (note 12)	\$ 27,643,692	\$ 22,835,977

- Long-term debt decreased by \$503K, reflecting principal repayments during the current year
 - Interest rates on fixed loans range from 2.90% to 5.42%
 - Total interest paid during the year amounted to \$340K
- Asset retirement obligation decreased by \$3.9 million due to change in estimate for asbestos remediation costs

	2023	2024
Landfill	\$1,117K	\$1,130K
Asbestos	\$4,399K	\$464K
North Renfrew Landfill Operations Board	\$261K	\$252K
Total	\$5,777K	\$1,846K



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02 Financial Statement Overview

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- Tangible capital assets increased by \$3.2 million, reflecting \$6.1 million in capital additions offset by \$2.3 million in amortization expense
- Overall, the Town has a reported surplus of \$27.6 million, comprised of:
 - Investment in tangible capital assets \$32.6 million
 - Reserves and reserve funds \$4.5 million
 - Amounts to be recovered in future years (\$3.6 million)
 - Accumulated deficit (due primarily to internal funding of capital expenditures) (\$5.9 million)
- The Town has approved \$4.4 million in debt issuances during the 2025 fiscal year, which will address a portion of its accumulated deficit position



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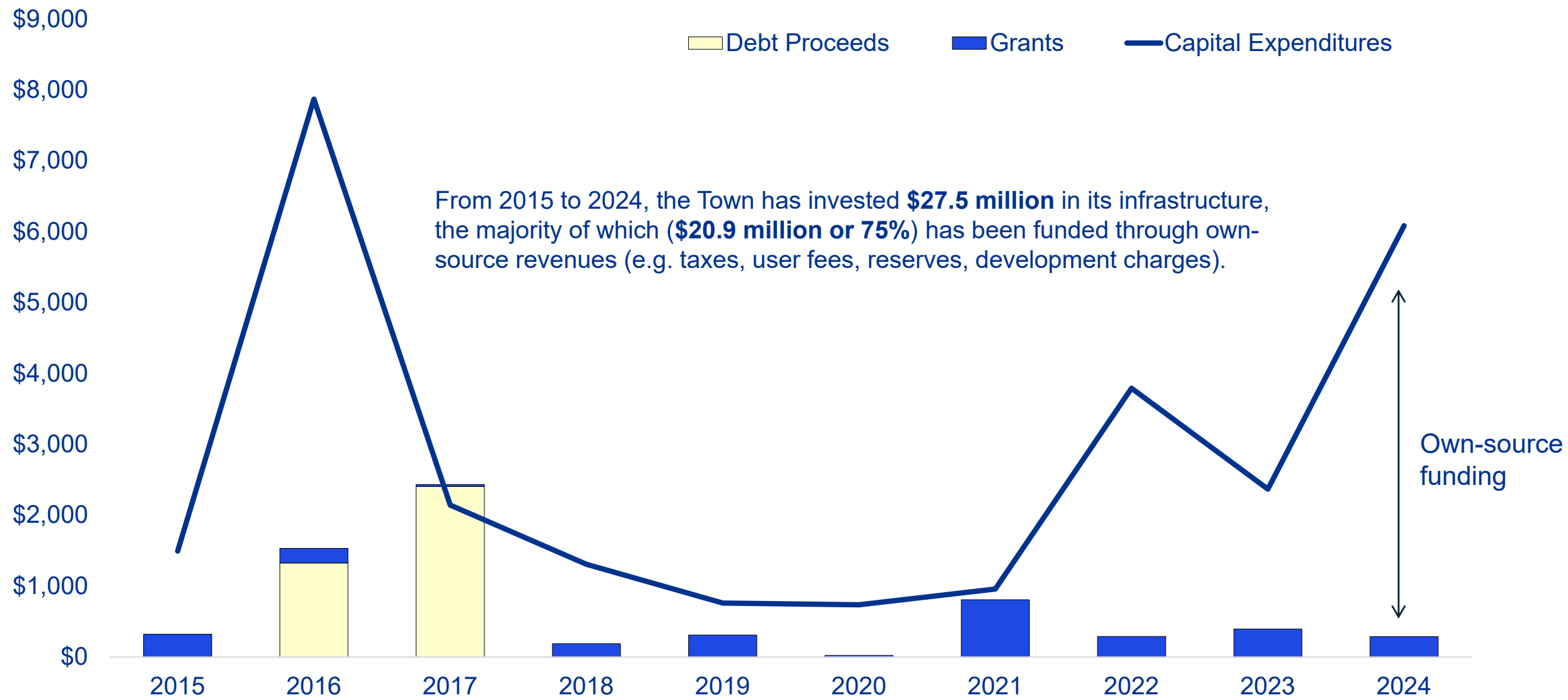
02 Capital Additions (in thousands)

Additions greater than \$50,000 individually:	
• Sanitary sewer relining	\$1,705
• Water main relining	\$1,304
• Community pool rehabilitation	\$774
• Fire truck	\$706
• Water treatment filtration (TMH)	\$280
• Hillcrest Avenue rehabilitation	\$253
• Trackless snowplow/blower	\$232
• Public works pick-up trucks (2)	\$186
• Arena improvements	\$78
• Summit Street rehabilitation	\$63
• Police SUV	\$60
• Library collection	\$54
• Deep River Road rehabilitation	\$50
Other additions (less than \$50,000 individually)	\$339
Total capital additions	\$6,084



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02 Capital Additions (in thousands)



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02 Financial Statement Overview

THE CORPORATION OF THE TOWN OF DEEP RIVER

Consolidated Statement of Operations

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

	Budget 2024 (note 14)	Actual 2024	Actual 2023
Revenue:			
Taxation and payments in lieu	\$ 9,511,573	\$ 8,888,198	\$ 8,061,991
User charges and fees	4,449,849	4,757,492	4,406,855
Government grants	815,718	941,049	992,117
Other revenue	548,196	900,634	2,179,339
Total revenue	15,325,336	15,487,373	15,640,302
Expenses:			
General government	1,615,912	1,835,914	1,861,233
Protection to persons and property	3,719,991	3,456,092	3,778,992
Transportation services	849,754	1,307,923	1,740,932
Environmental services	3,631,757	4,795,936	4,278,134
Health services	145,504	134,480	70,757
Recreation and cultural services	2,065,350	2,286,785	2,227,149
Planning and development	188,683	153,968	198,818
Total expenses	12,216,951	13,971,098	14,156,015
Annual surplus before undernoted item	3,108,385	1,516,275	1,484,287
Change in estimate related to asset retirement obligation (note 11)	-	3,350,600	-
Annual surplus	3,108,385	4,866,875	1,484,287
Accumulated operating surplus, beginning of year	-	22,835,977	21,351,690
Accumulated operating surplus, end of year	\$ 3,108,385	\$ 27,702,852	\$ 22,835,977

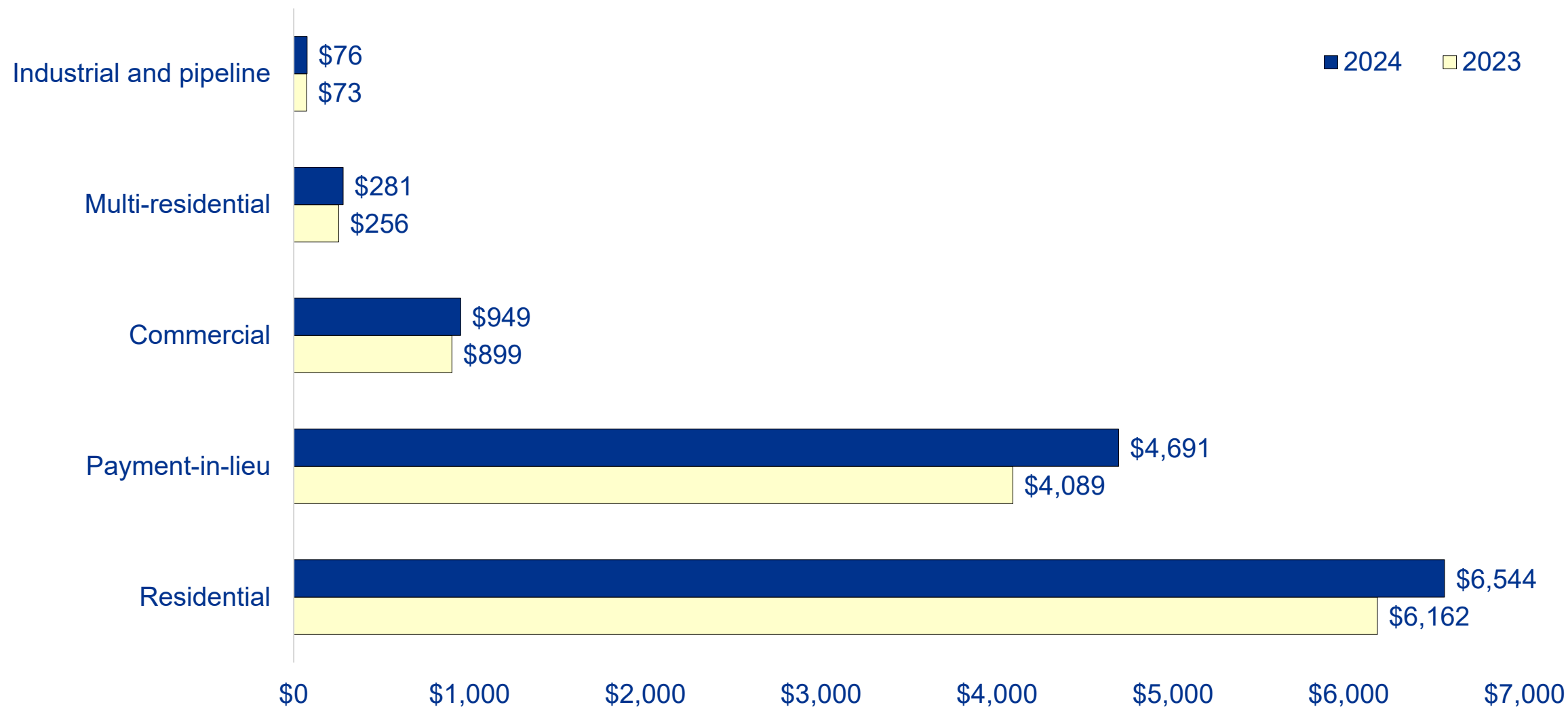
- Total revenues decreased from \$15.6 million in 2023 to \$15.5 million in 2024 (-1.0%), reflecting higher taxation and user fees (+\$1.2 million) offset by one-time funding adjustment from AECL in 2023 not present in 2024. At the same time, total expenses decreased by \$185K (-1.3%).
- Overall, the Town reported a surplus of \$1.52 million for financial reporting purposes before the change in estimate for asset retirement obligations.



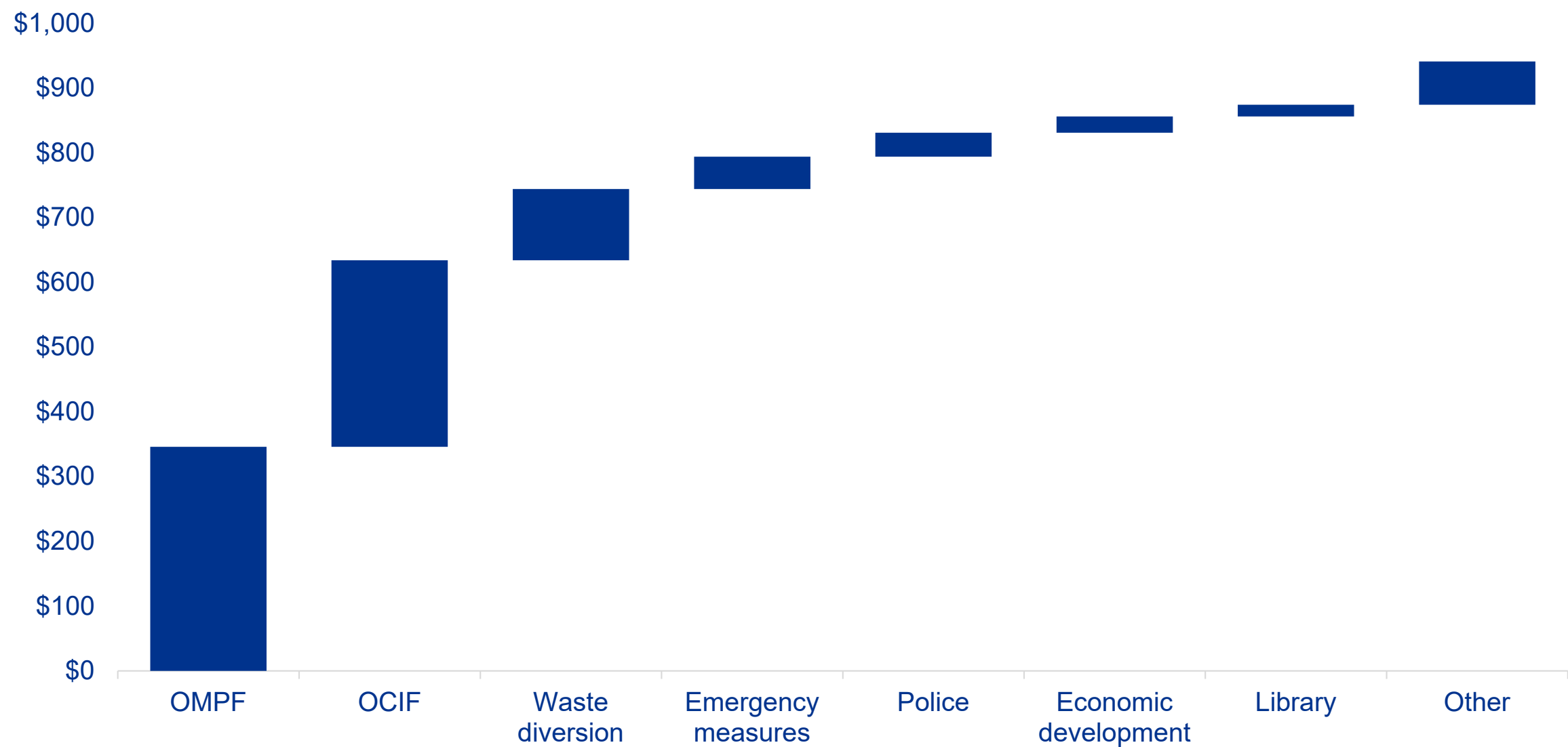
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02 Taxation Revenue (in thousands)

Includes taxes raised on behalf of the County (\$2.80 million) and local school boards (\$0.85 million)

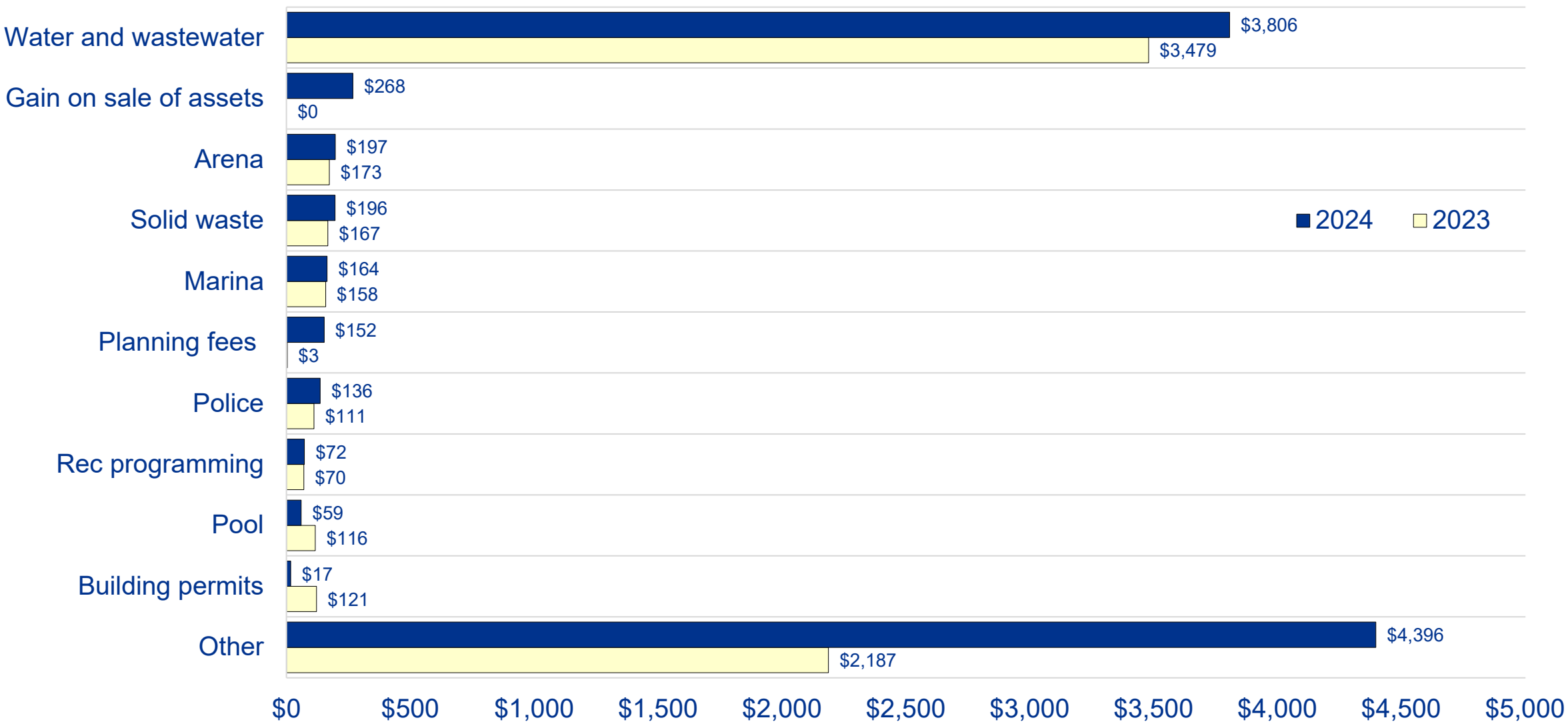


02 Grant Revenue (in thousands)



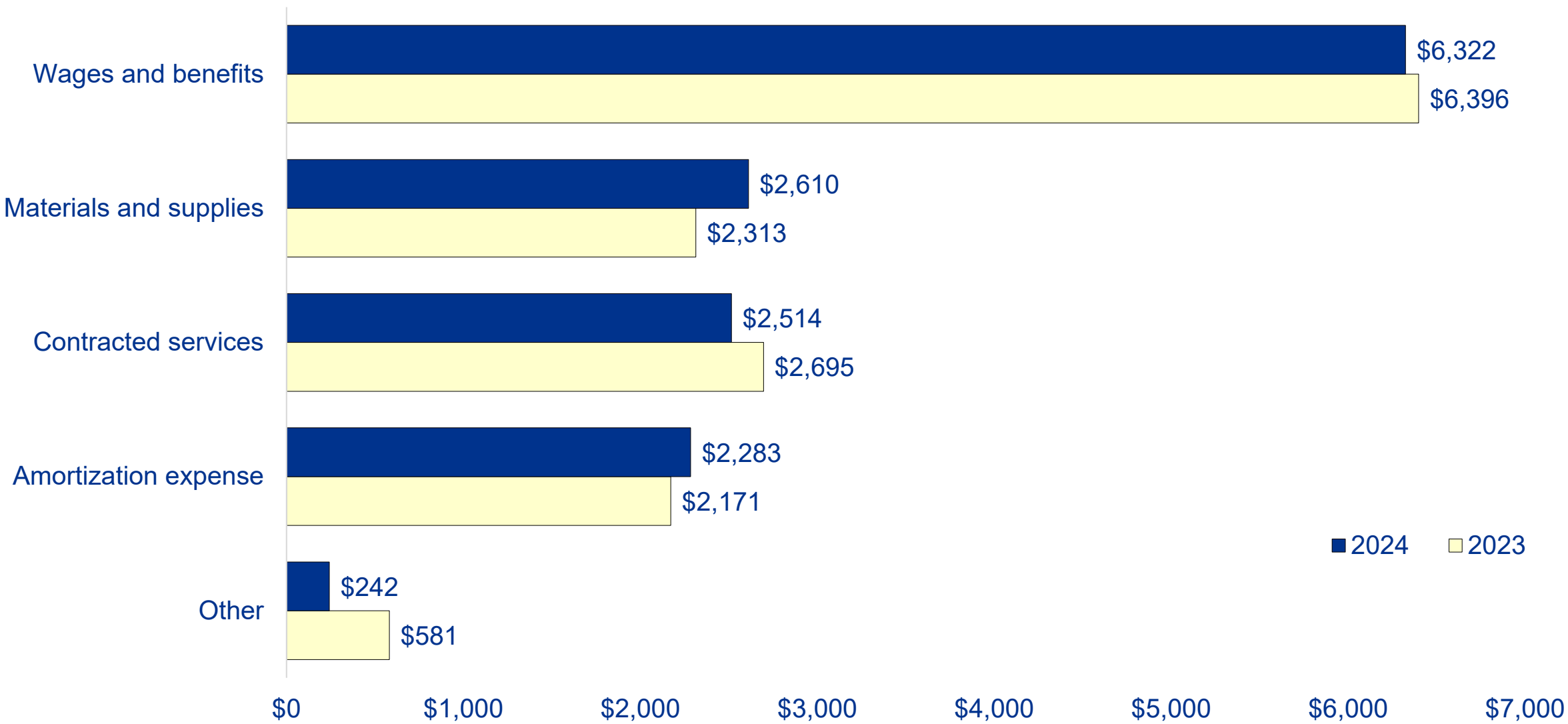
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02 Other Revenue (in thousands)



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02 Operating Expenses (in thousands)



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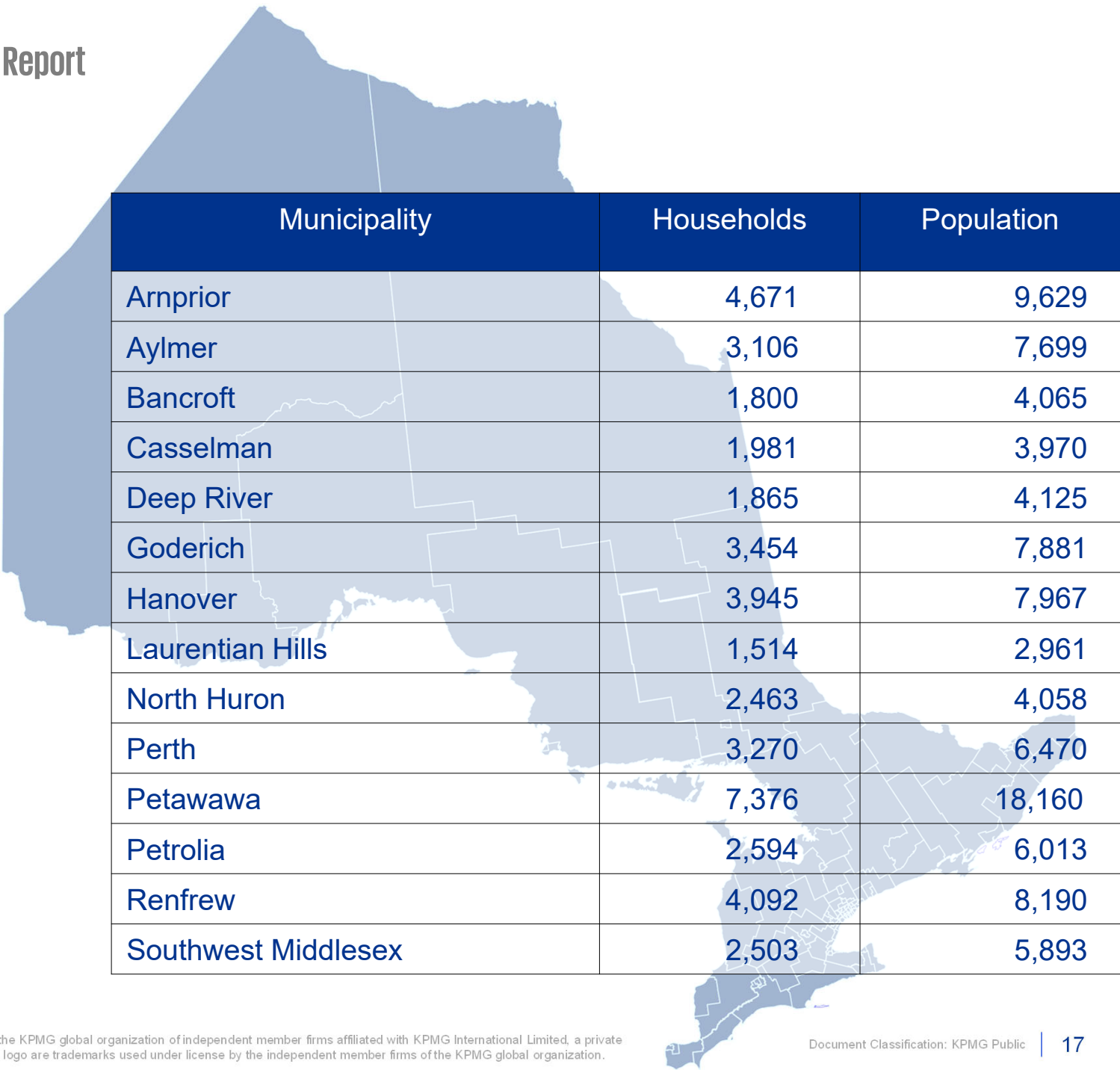
02 Surplus Analysis (in thousands)

	2024	2023	2022
Total surplus (deficit) as per financial statements (before change in estimate)	\$1,516	\$1,485	(\$887)
Add (less): Non-cash items			
• Amortization expense	\$2,283	\$2,170	\$2,084
• Accretion expense related to asset retirement obligation	\$18	\$141	\$260
• Employee future benefit expense	\$4	\$12	\$37
• Loss (gain) on sale of tangible capital assets	(\$268)	\$2	\$5
Add (less): Items not included in determination of annual surplus			
• Capital expenditures	(\$6,085)	(\$3,277)	(\$3,792)
• Principal repayment of long-term debt	(\$503)	(\$483)	(\$470)
• Proceeds on sale of capital assets	\$271	—	—
Adjusted operating surplus before unfunded capital expenditures	(\$2,822)	\$50	(\$2,763)
Unfunded capital expenditures	\$2,344	—	\$2,595
Adjusted operating surplus	(\$478)	\$50	(\$168)
As a percentage of total revenue	3.1%	0.3%	1.2%



03 Benchmarking

- As a value-added service to the Town, we have provided benchmarking of selected financial indicators
- The communities selected for the analysis include lower-tier municipalities identified in the Town’s long-term financial plan, as well as other municipalities selected by KPMG
- The benchmarking analysis is based primarily on information provided in the 2023 Financial Information Return, as well as 2020 Census Data published by Statistics Canada



Municipality	Households	Population
Arnprior	4,671	9,629
Aylmer	3,106	7,699
Bancroft	1,800	4,065
Casselman	1,981	3,970
Deep River	1,865	4,125
Goderich	3,454	7,881
Hanover	3,945	7,967
Laurentian Hills	1,514	2,961
North Huron	2,463	4,058
Perth	3,270	6,470
Petawawa	7,376	18,160
Petrolia	2,594	6,013
Renfrew	4,092	8,190
Southwest Middlesex	2,503	5,893

03 Financial Indicators

- The Public Sector Accounting Board (‘PSAB’) is the organization that establishes accounting standards for the public sector
- PSAB’s Statement of Recommended Practice (May 2009) defines financial condition as “*a government’s financial health as assessed by its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others*”.
 - **Sustainability** – Can you keep doing what you are doing now without raising the tax burden or issuing new debt?
 - **Flexibility** – Can you increase available sources of revenue without impacting affordability or financial sustainability?
 - **Vulnerability** – How at risk are you from changes to revenue sources that you don’t control?
- For the purposes of the benchmarking, we’ve considered the following indicators:
 1. Reserves per household
 2. Debt per household
 3. Residential taxation per household
 4. Residential taxation per household as a percentage of household income
 5. Increase in municipal levy from 2018 to 2023

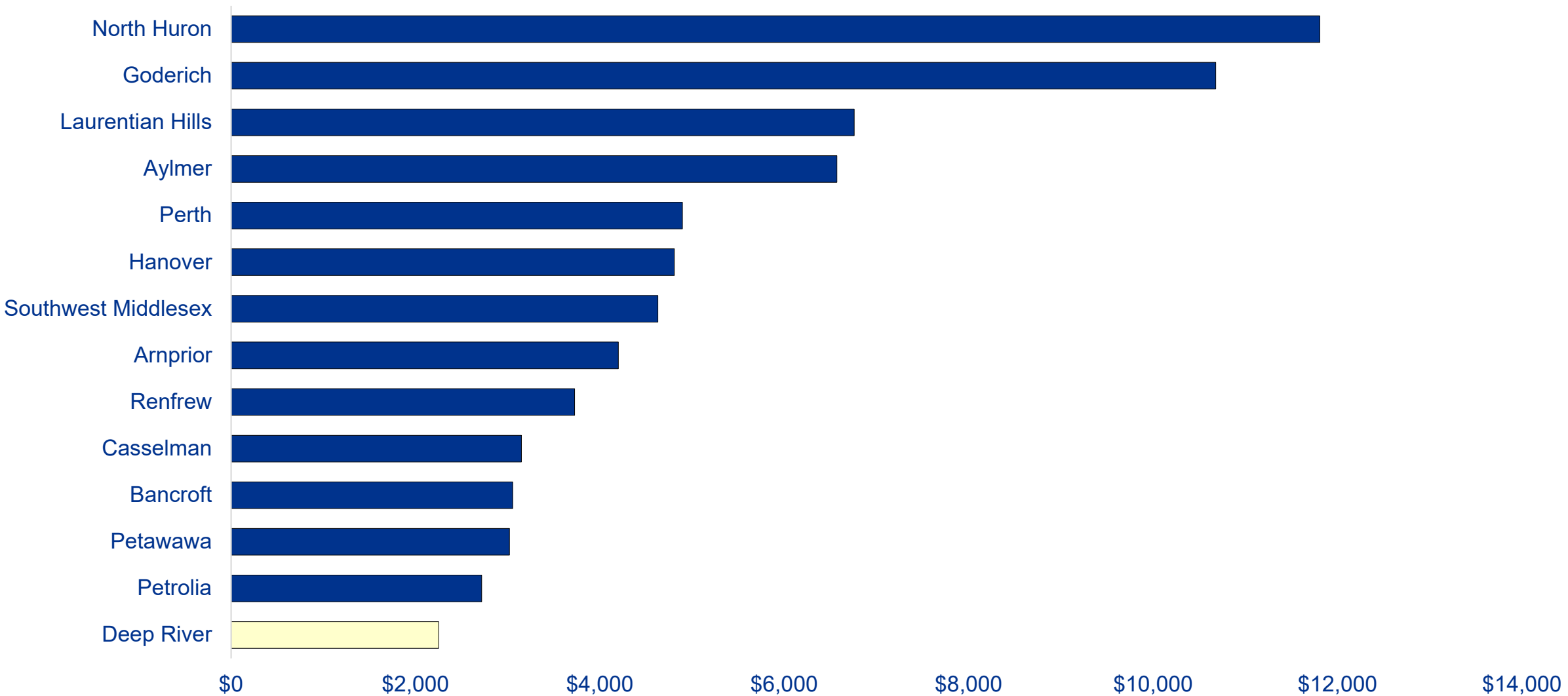
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03 Benchmarking

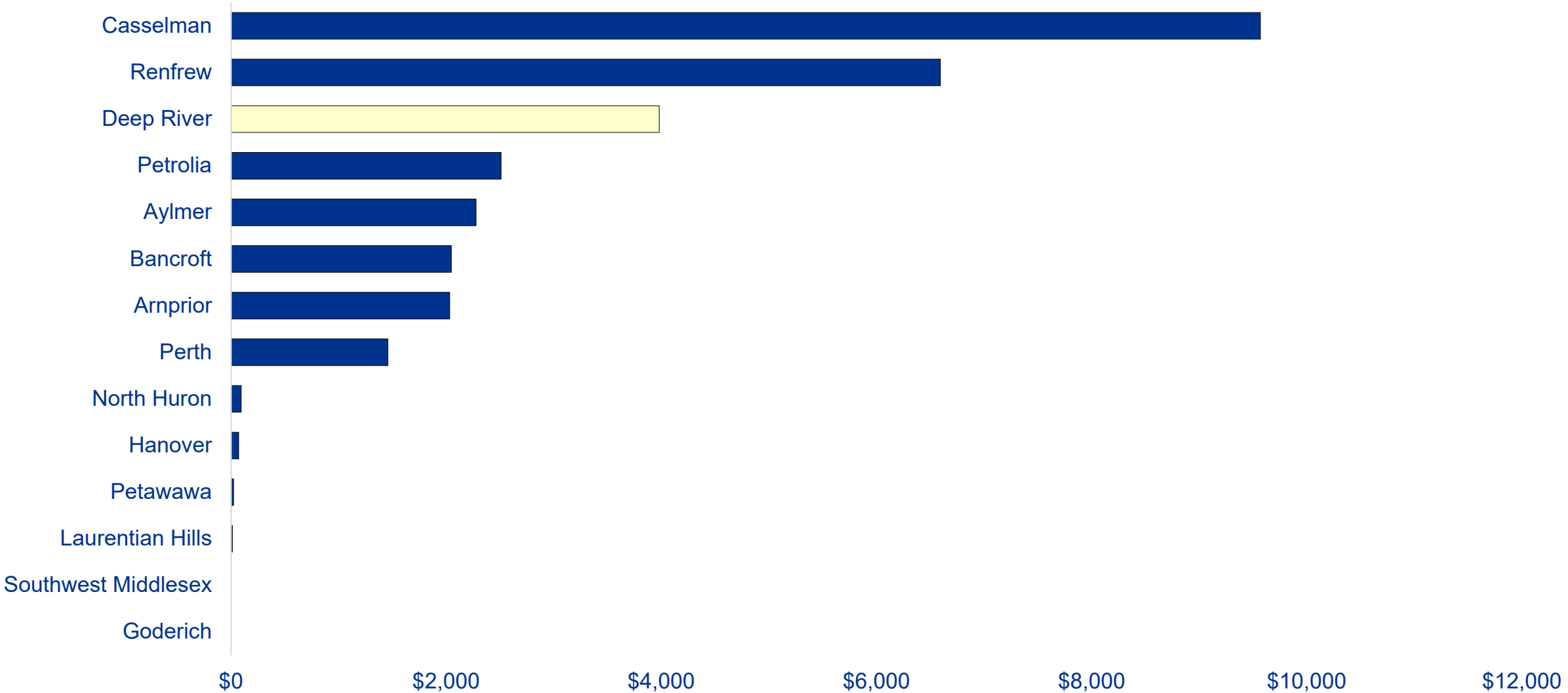
Indicator	Town of Deep River	Comparators			Deep River Rank <i>(1st highest, 14th lowest)</i>
		Low	High	Average	
Reserves per household	\$2,250	\$2,250	\$11,804	\$5,160	14 th
Debt per household	\$3,978	\$Nil	\$9,566	\$2,190	3 rd
Lower tier taxation only					
• Residential taxes per household	\$2,277	\$901	\$2,736	\$1,947	4 th
• Residential taxes as a percentage of household income	2.07%	0.80%	3.80%	2.19%	8 th
Lower and upper tier taxation					
• Residential taxes per household	\$3,108	\$1,672	\$3,600	\$2,832	5 th
• Residential taxes as a percentage of household income	2.83%	1.49%	4.63%	3.17%	8 th
Average annual increase in municipal levy (2018 to 2023)	2.80%	1.73%	7.09%	4.69%	13 th



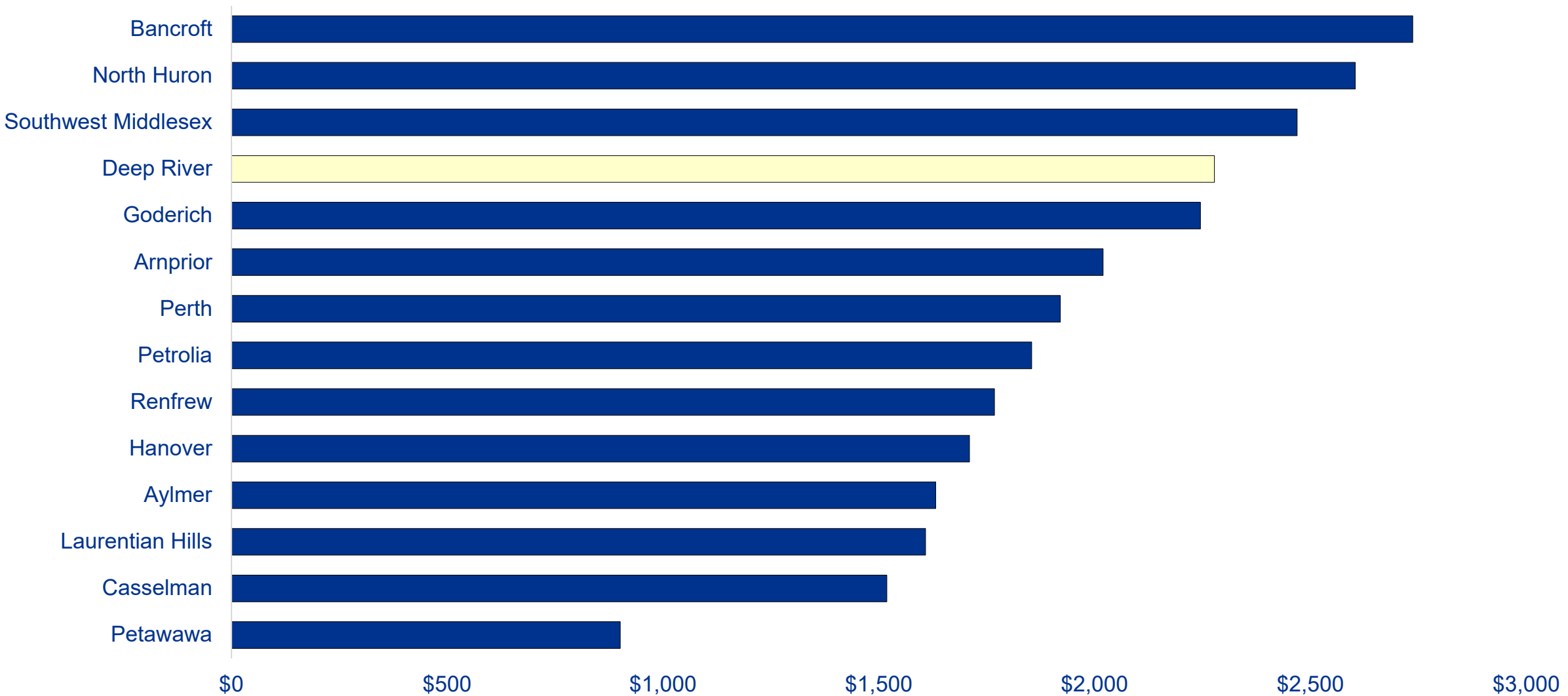
03 Reserves Per Household



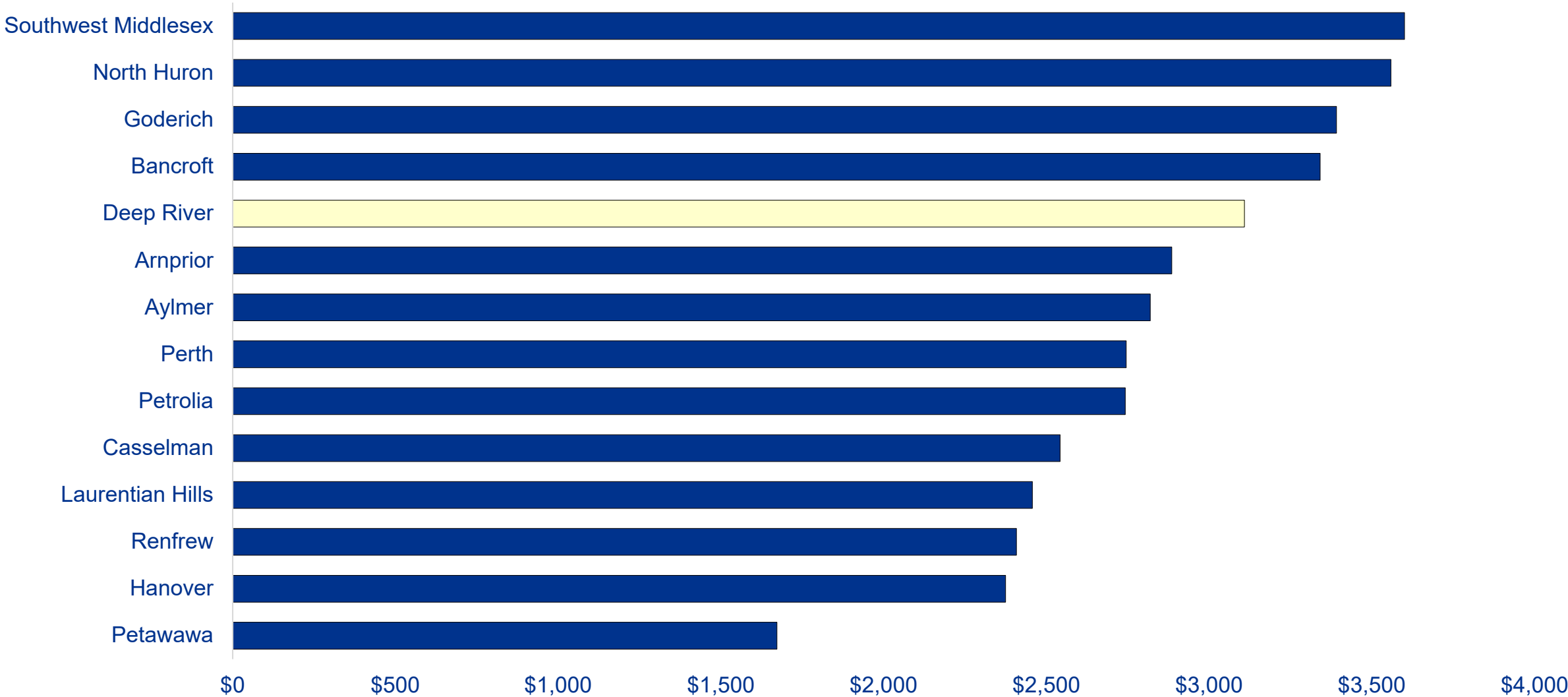
03 Debt Per Household



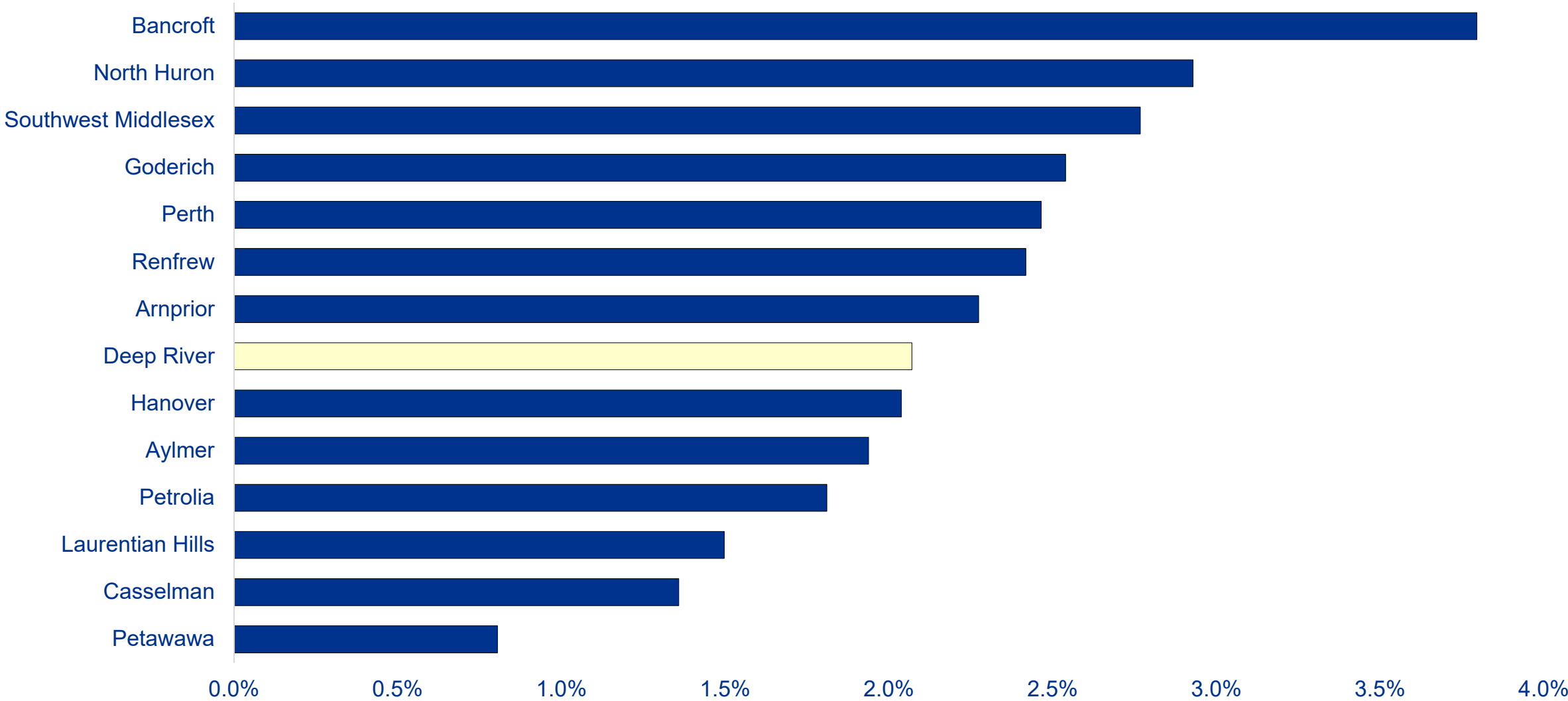
03 Residential Taxation Per Household (Lower Tier Only)



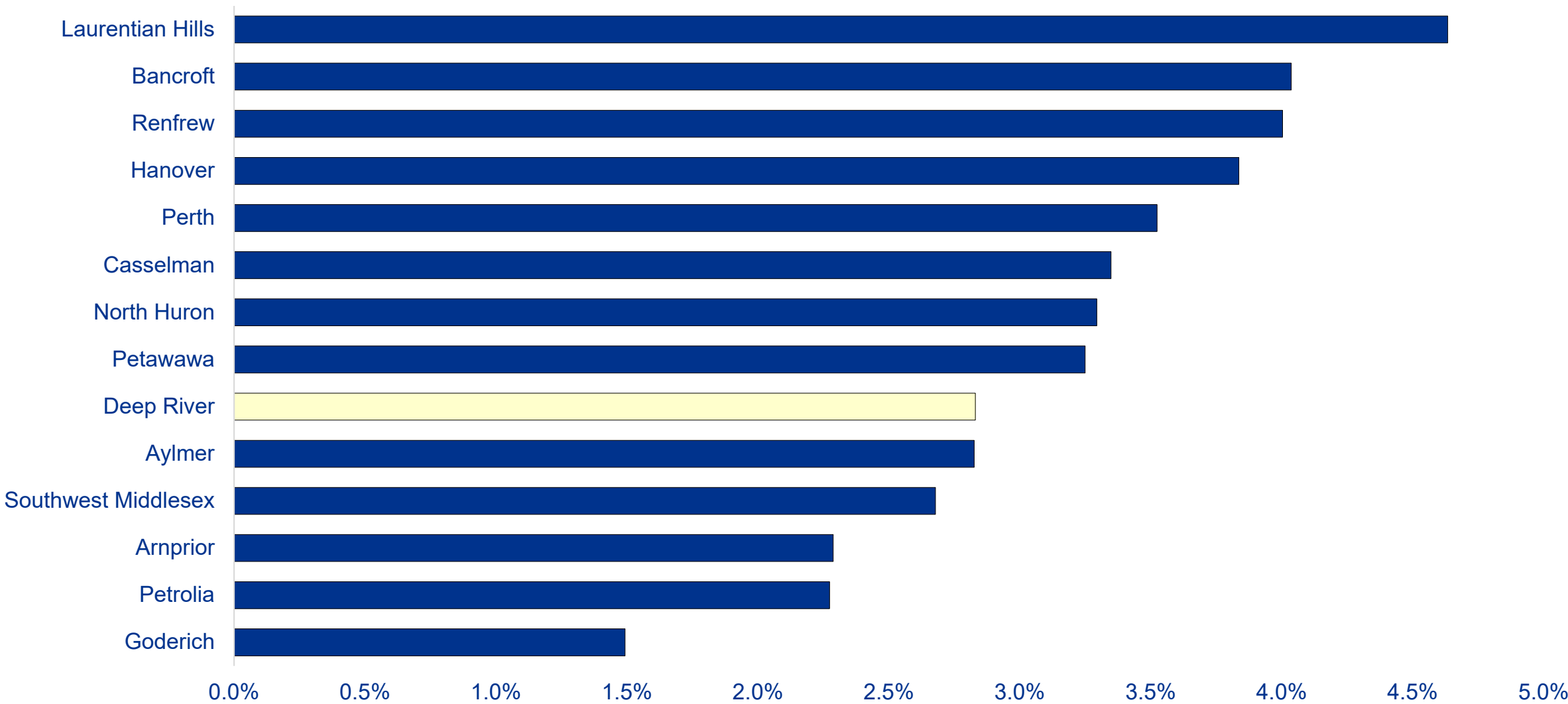
03 Residential Taxation Per Household (Lower and Upper Tier)



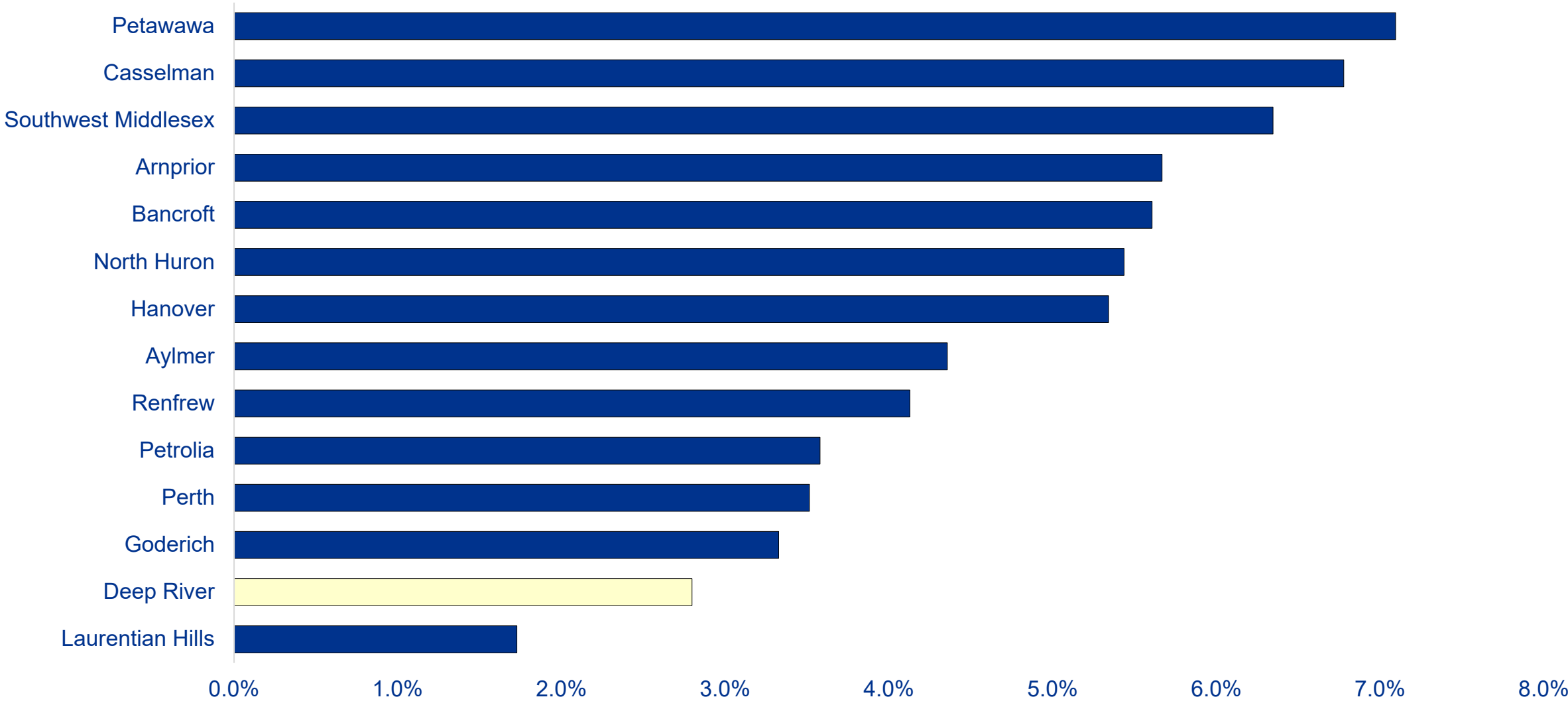
03 Lower Tier Taxation As A Percentage Of Household Income



03 Lower + Upper Tier Taxation As A Percentage Of Household Income



03 Average Annual Lower Tier Levy Growth (2018 to 2023)





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