DRAFT - FOR DISCUSSION PURPOSES ONLY

PORT OF JOHNSTOWN

FINANCIAL STATEMENTS

December 31, 2024

PORT OF JOHNSTOWN

December 31, 2024

CONTENTS

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Township of Edwardsburgh/Cardinal:

Opinion

We have audited the financial statements of Port of Johnstown (the "Port"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Port as at December 31, 2024, and the results of its operations and changes in net debt and its 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 report. We are independent of the Port 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 3 to the financial statements which describes that the Port adopted Canadian public sector accounting standards on January 1, 2024 with a transition date of January 1, 2023 from International Financial Reporting Standards. These new standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2023 and January 1, 2023, and the statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year ended December 31, 2023 and related disclosures. Our audit opinion on the comparative figures was not modified because of the change in accounting standards

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 Port'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 Port or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Port'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 these 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 Port'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 Port'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 Port 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cornwall, Ontario | Chartered Professional Accountants

April 21, 2025 | Licensed Public Accountants

PORT OF JOHNSTOWN

STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

		December 31 **2024**		December 31 2023		January 1 2023 (Note 3)
NET FINANCIAL ASSETS						
ASSETS						
Cash	**$**	**10,520,282**	$	10,925,136	$	9,150,157
Short-term investments (Note 4)		**3,001,043**		3,612,284		3,430,172
Accounts receivable		**1,577,235**		1,987,062		1,302,665
		15,098,560		16,524,482		13,882,994
LIABILITIES						
Accounts payable		**1,772,730**		1,332,516		1,116,724
Deferred revenue		**116,460**		115,229		102,640
Long-term debt (Note 5)		**2,007,349**		2,095,360		2,180,765
Asset retirement obligations (Note 6)		**1,200,000**		1,165,063		1,131,129
		5,096,539		4,708,168		4,531,258
NET FINANCIAL ASSETS		**10,002,021**		11,816,314		9,351,736
NON-FINANCIAL ASSETS (LIABILITIES)						
Tangible capital assets		**76,433,569**		68,400,542		67,085,311
Deferred capital contributions (Note 7)		**(29,570,015)**		(28,097,180)		(28,586,580)
Inventory		**7,858**		7,858		7,858
Prepaid expenses		**175,994**		151,174		57,772
		47,047,406		40,462,394		38,564,361
ACCUMULATED SURPLUS	**$**	**57,049,427**	$	52,278,708		47,916,097

See Accompanying Notes

PORT OF JOHNSTOWN

STATEMENT OF OPERATIONS

For the year ended December 31, 2024

	2024 BUDGET (Note 9)	**2024 ACTUAL**	2023 ACTUAL (Note 3)
REVENUE			
Grain services			
Storage	1,910,256	**2,170,951**	1,824,213
Drying	2,415,299	**2,147,469**	2,442,499
Receiving	2,652,000	**2,789,307**	2,522,279
Delivering	1,718,700	**1,658,518**	1,694,360
Fumigation	336,860	**409,251**	373,273
Other grain	17,285	**31,818**	19,437
Berthage and wharfage	1,117,757	**1,164,619**	1,497,379
Rental income	647,198	**671,373**	637,634
Interest	-	**710,599**	689,380
Rail services	35,000	**32,643**	123,665
Other	167,740	**5,364**	169,990
	11,018,095	**11,791,912**	11,994,109
EXPENSES			
Salaries, wages and benefits	3,180,113	**3,068,021**	2,943,925
Administration fees	1,000,000	**1,000,000**	1,000,000
Utilities	774,193	**526,695**	595,526
Outside services	387,070	**329,311**	346,865
Insurance	368,358	**390,961**	341,072
Advertising and promotion	104,755	**77,658**	106,355
Repairs and maintenance	111,250	**88,586**	169,830
Materials and supplies	98,350	**90,505**	98,726
Office and administration	78,000	**83,111**	84,269
Interest on long-term debt	-	**61,863**	64,469
Honorarium	27,000	**21,000**	23,500
Rental	14,000	**9,529**	12,175
Grain handling losses	162,000	**-**	155,448
Travel	10,000	**8,263**	7,365
	6,315,089	**5,755,503**	5,949,525
NET REVENUES BEFORE OTHER ITEMS	4,703,006	**6,036,409**	6,044,584
OTHER REVENUE (EXPENSES)			
Amortization of deferred capital contributions (Note 7)	-	**527,165**	489,400
Amortization of tangible capital assets	-	**(1,757,918)**	(1,574,028)
Accretion (Note 6)	-	**(34,937)**	(33,934)
Distribution of income	-	**-**	(563,411)
	-	**(1,265,690)**	(1,681,973)
ANNUAL SURPLUS	4,703,006	**4,770,719**	4,362,611
ACCUMULATED SURPLUS, beginning of year	52,278,708	**52,278,708**	47,916,097
ACCUMULATED SURPLUS, end of year	$ 56,981,714	**$ 57,049,427**	$ 52,278,708

PORT OF JOHNSTOWN

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2024

	2024 BUDGET (Note 9)	**2024 ACTUAL**	2023 ACTUAL (Note 3)
Annual Surplus	$ 4,703,006	**$ 4,770,719**	$ 4,362,611
Amortization of tangible capital assets	-	**1,757,918**	1,574,028
Acquisition of tangible capital assets	(4,703,006)	**(9,790,945)**	(2,889,259)
Deferred capital contributions received	-	**2,000,000**	-
Amortization of deferred capital contributions	-	**(527,165)**	(489,400)
Change in prepaid expenses	-	**(24,820)**	(93,402)
(Decrease) increase in net financial assets	-	**(1,814,293)**	2,464,578
Net financial assets, beginning of year	11,816,314	**11,816,314**	9,351,736
Net financial assets, end of year	$ 11,816,314	**$ 10,002,021**	$ 11,816,314

See Accompanying Notes

PORT OF JOHNSTOWN

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	2024	2023 (Note 3)
CASH FROM OPERATING ACTIVITIES		
Annual surplus	**$ 4,770,719**	$ 4,362,611
Items not affecting cash		
Amortization of tangible capital assets	**1,757,918**	1,574,028
Accretion	**34,937**	33,934
Amortization of deferred capital contributions	**(527,165)**	(489,400)
Accrued investment income	**(98,241)**	(112,548)
	5,938,168	5,368,625
Changes in non-cash working capital balances		
Accounts receivable	**409,827**	(684,397)
Accounts payable	**440,214**	215,792
Deferred revenue	**1,231**	12,589
Prepaid expenses	**(24,820)**	(93,402)
	6,764,620	4,819,207
CASH FROM (USED IN) FINANCING ACTIVITIES		
Repayment of long-term debt	**(88,011)**	(85,405)
Deferred capital contributions received	**2,000,000**	-
	1,911,989	(85,405)
CASH FROM (USED IN) INVESTING ACTIVITIES		
Purchase of investments	**(2,902,802)**	(5,047,146)
Proceeds from disposal of investments	**3,612,284**	4,977,582
	709,482	(69,564)
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(9,790,945)**	(2,889,259)
(DECREASE) INCREASE IN CASH	**(404,854)**	1,774,979
CASH, beginning of year	**10,925,136**	9,150,157
CASH, end of year	**$ 10,520,282**	$ 10,925,136

See Accompanying Notes

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2024

	Land and land improvements	Buildings	Equipment	Paving	Vehicles	Annex and marine terminal	Assets under construction	2024	2023 (Note 3)
Cost									
Balance, beginning of year	$ 2,629,301	$ 7,553,796	$ 20,950,643	$ 1,433,173	$ 67,127	$ 47,113,663	$ 484,448	$ 80,232,151	$ 77,342,892
Additions during the year	-	490,403	6,665,004	-	-	-	2,635,538	9,790,945	2,889,259
Disposals during the year	-	(4,017)	-	-	-	-	-	(4,017)	-
Balance, end of year	2,629,301	8,040,182	27,615,647	1,433,173	67,127	47,113,663	3,119,986	90,019,079	80,232,151
Accumulated Amortization									
Balance, beginning of year	74,839	1,141,723	3,934,318	268,048	59,627	6,353,054	-	11,831,609	10,257,581
Amortization during the year	22,794	207,321	721,347	46,598	5,000	754,858	-	1,757,918	1,574,028
Amortization on disposals	-	(4,017)	-	-	-	-	-	(4,017)	-
Balance, end of year	97,633	1,345,027	4,655,665	314,646	64,627	7,107,912	-	13,585,510	11,831,609
Net book value 2024	$ 2,531,668	$ 6,695,155	$ 22,959,982	$ 1,118,527	$ 2,500	$ 40,005,751	$ 3,119,986	$ 76,433,569	$ 68,400,542
Net book value 2023	$ 2,554,462	$ 6,412,073	$ 17,016,325	$ 1,165,125	$ 7,500	$ 40,760,609	$ 484,448	$ 68,400,542	

PORT OF JOHNSTOWN

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2024

		2024		2023 (Note 3)
Operating surplus	$	**11,385,873**	$	13,140,409
Invested in tangible capital assets				
Tangible capital assets		**76,433,569**		68,400,542
Less: Deferred capital contributions		**(29,570,015)**		(28,097,180)
Less: Asset retirement obligations		**(1,200,000)**		(1,165,063)
Invested in tangible capital assets		**45,663,554**		39,138,299
ACCUMULATED SURPLUS	$	**57,049,427**	$	52,278,708

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2024

	Operating Surplus	Invested in Tangible Capital Assets	2024	2023 (Note 3)
Balance, beginning of year	**$ 13,140,409**	**$ 39,138,299**	**$ 52,278,708**	$ 47,916,097
Surplus for the year	**4,770,719**	**-**	**4,770,719**	4,362,611
Amortization of tangible capital assets	**1,757,918**	**(1,757,918)**	**-**	-
Acquisition of tangible capital assets	**(9,790,945)**	**9,790,945**	**-**	-
Capital deferred contributions received	**2,000,000**	**(2,000,000)**	**-**	-
Amortization of deferred capital contributions	**(527,165)**	**527,165**	**-**	-
Accretion	**34,937**	**(34,937)**	**-**	-
Change in accumulated surplus	**(1,754,536)**	**6,525,255**	**4,770,719**	4,362,611
Balance, end of year	**$ 11,385,873**	**$ 45,663,554**	**$ 57,049,427**	$ 52,278,708

1. REPORTING ENTITY

The Port of Johnstown (the "Port") is an unincorporated governmental unit operated by the Corporation of the Township of Edwardsburgh/Cardinal (the "Township") to provide seaway services to Eastern Ontario. The Port has been deemed to be a non-taxable entity and is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared by management in accordance with Canadian public sector accounting standards (PSAS) and include the following significant accounting policies:

(a) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets, the valuation of allowances for doubtful accounts receivable, and the estimated asset retirement obligations. Actual results could differ from these estimates.

(c) Revenues

Fees and service charges are recognized when the activity is performed or when the services are rendered. Examples include, but are not limited to, grain services, berthage and wharfage, rental income, rail services and other revenues. Investment income is recorded as revenue in the period when earned.

(d) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand, cash on deposit and cash held in short-term investments, which includes guaranteed investment certificates with maturities of three months or less.

(e) Deferred revenue

Deferred revenue represents fees and service charges received in advance before the fiscal year-end but the activity is and services are provided subsequent to the fiscal year-end.

(f) Deferred capital contributions

Deferred capital contributions represent amounts received and receivable from the Federal and Provincial governments in aid of purchasing capital assets in the year. The contributions are amortized into revenue in the statement of operations at the same rate as the underlying tangible capital assets are amortized into expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Port to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at fiscal year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Port reviews the carrying amount of the asset retirement obligation liability. The Port recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

(h) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(i) Tangible capital assets

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 are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	100 years
Building and	5 to 50 years
Machinery and equipment	10 to 60 years
Vehicles	5 years
Paving	12 to 30 years
Annex	30 years
Marine terminal	100 years

Full amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Non-financial assets (Continued)

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventory

Inventory held for consumption is recorded at the lower of cost or replacement cost.

(i) Employee benefits

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Port's policy. The Port accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), as a defined contribution plan.

(j) Financial instruments

The Port recognizes its financial instruments when the Port becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Port may irrevocably elect to subsequently measure any financial instrument at fair value. The Port has made no such election during the year. The Port subsequently measures all its financial assets and liabilities at amortized cost.

The Port subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Port has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of financial activities.

Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized into income. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses in the fiscal year it occurs.

3. CHANGE IN ACCOUNTING STANDARDS AND POLICES

Effective January 1, 2024, the Port retroactively adopted Public Sector Accounting Board's (PSAB) from International Financial Reporting Standards (IFRS). There was not a material impact on the financial statements from the retroactive application of PSAS accounting standards, except for the adoption of Asset Retirement Obligations (AROs) PS3280, which became an new accounting standard effective January 1, 2023 and was applied on a modified retroactive basis.

The application of PS3280 effective January 1, 2023 resulted in an increase to asset retirement obligations liability of $1,131,129, an increase to tangible capital assets of $636,500 and a reduction to accumulated surplus of $494,629. Additional expenses reported in 2023 as a result of this policy application were depreciation expense of $6,700 and accretion expense of $33,934.

4. SHORT-TERM INVESTMENTS

	2024	2023
Guaranteed investment certificate recorded at amortized cost, cost of $773,705 interest at 5.30% (2023 - 6.34%) and maturing December 2025 (2023 - December 2024)	**$ 815,048**	$ 1,547,407
Guaranteed investment certificate recorded at amortized cost, cost of $1,064,549 interest at 5.46% (2023 - 6.4%) and maturing July 2026 (2023 - July 2024)	**1,093,298**	2,064,877
Guaranteed investment certificate recorded at amortized cost, cost of $1,064,549 interest at 5.21%, and maturing July 2025	**1,092,696**	-
Investment, end of year	**$ 3,001,042**	$ 3,612,284

5. LONG-TERM DEBT

	2024	2023
Loan payable, interest at 3.01%, payable in blended monthly payments of $12,489, due February 2042, secured by land and buildings	**$ 2,007,349**	$ 2,095,360

Principal payments, assuming the loans are renewed under the same terms and conditions, are as follows:

2025	$ 90,700
2026	93,468
2027	96,320
2028	99,260
2029	102,290
Thereafter	1,525,311
	$ 2,007,349

6. ASSET RETIREMENT OBLIGATIONS

The Port's asset retirement obligations include the future decommission of the salt retention pond and the removal of asbestosis from the Port's buildings.

The estimated future asset retirement obligations are $1,612,527 of which have been adjusted by applying a discount rate of 3%, based on the Port's borrowing rate. These costs are to be recovered from future user fees.

The reported liability is based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liability and will be recognized prospectively, as a change in estimate, when applicable.

Asset retirement obligations for the year is as follows:

		2024		2023
Opening balance	**$**	**1,165,063**	$	1,131,129
Accretion expense during the year		**34,937**		33,934
Closing balance	**$**	**1,200,000**	$	1,165,063

7. DEFERRED CAPITAL CONTRIBUTIONS

The transactions of the deferred capital contributions are summarized as follows:

	2024	2023
Balance, beginning of year	**$ 28,097,180**	$ 28,586,580
Contributions received	**2,000,000**	-
Amortization	**(527,165)**	(489,400)
Balance, end of year	**$ 29,570,015**	$ 28,097,180

8. PENSION AGREEMENTS

The Port is a member of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer retirement plan. The plan is a contributory defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Port does not recognize any share of the OMERS pension deficit of $4.2 billion (2023 - $6.7 billion) in these financial statements.

The employer amount contributed to OMERS for 2024 was $188,545 (2023 - $183,557) for current service and is included as an expenditure on the statement of operations.

9. BUDGET FIGURES

The 2024 operating and capital budget amounts that were approved on March 20, 2024 and are based on a project-oriented basis, the costs of which may be carried out over one or more years.

10. FINANCIAL INSTRUMENTS

The Port, as part of its operations, carries a number of financial instruments. It is management's opinion that the Port is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Port to concentrations of credit risk consist primarily accounts receivable. However, credit exposure is limited due to the Port's large customer base.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Port is exposed to interest rate cash flow risk with respect to long-term debt and short-term investments. However, the exposure is limited as long-term debt and short-term investments are at a fixed interest rate.

Liquidity risk

Liquidity risk is the risk that the Port will not be able to meet its financial obligations as they become due.

The Port manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.