

FI-009-24 Attachment 2

Consolidated Financial Statements of

**THE CORPORATION OF  
THE TOWN OF  
WHITCHURCH-STOUFFVILLE**

And Independent Auditor's Report thereon

Year ended December 31, 2023

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilors of The Corporation of the Town of Whichurch-Stouffville

### **Opinion**

We have audited the consolidated financial statements of The Corporation of the Town of Whichurch-Stouffville (the Entity), which comprise:

- the consolidated statement of financial position as at end of December 31, 2023;
- 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 remeasurement gains and losses for the year then ended;
- the non-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 financial position of the Entity as at December 31, 2023, and its results of operations, net debt and cash flows for the period then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

***Emphasis of Matter – Comparative Information***

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard.

Notes 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

***Other Matter - Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**DRAFT**

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

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## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

### *DRAFT* Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
<b>Financial assets</b>		
Cash (note 3)	\$ 11,638,386	\$ 37,605,639
Portfolio investments (note 4)	101,928,192	84,087,475
Taxes receivable	18,222,450	16,271,871
Accounts receivable	13,504,494	9,709,162
	145,293,522	147,674,147
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	15,003,203	15,463,915
Asset retirement obligation (note 6)	536,767	515,280
Deferred revenue - obligatory reserve funds (note 5)	45,351,129	44,913,004
Other deferred revenue	637,828	702,098
Developer and other deposits	24,154,195	25,587,947
Employee benefits payable (note 7)	4,740,488	4,091,381
Long-term liabilities (note 9)	24,827,138	26,732,630
	115,250,748	118,006,255
Net financial assets	30,042,774	29,667,892
<b>Non-financial assets</b>		
Inventory	168,233	137,318
Prepaid expenses	543,008	361,431
Tangible capital assets (note 11)	332,750,222	320,880,765
	333,461,463	321,379,514
Accumulated surplus, other	363,357,937	351,047,406
Accumulated surplus, remeasurement gains (note 2)	146,300	-
Accumulated surplus (note 10)	\$ 363,504,237	\$ 351,047,406

Commitments and contingencies (note 14)

See accompanying notes to consolidated financial statements.

On behalf of the Mayor and Council:

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Deputy Treasurer

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

### DRAFT Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 15)	2023 Actual	2022 Actual (Restated - note 2)
<b>Revenue:</b>			
Property taxation (note 12)	\$ 42,239,280	\$ 42,712,684	\$ 37,790,070
Taxation from other governments (note 12)	329,570	351,296	332,568
User fees, licenses and fines	33,454,810	31,955,999	36,776,015
Government grants	2,937,930	7,608,172	3,768,150
Investment income	1,038,340	3,017,711	1,321,643
Penalties and interest on taxes	2,000,000	2,504,854	2,178,231
Developer contributions	2,140,460	4,432,662	5,013,818
Contributed tangible capital assets	-	3,981,859	2,441,005
Donations and other	855,070	792,706	787,739
	<b>84,995,460</b>	<b>97,357,943</b>	<b>90,409,239</b>
<b>Expenses:</b>			
General government	12,401,883	13,888,116	13,566,546
Protection to persons and property	10,106,036	10,047,676	9,238,796
Transportation services	14,407,075	15,037,760	15,354,437
Environmental services	17,598,784	17,902,579	17,259,628
Recreational and cultural services	22,086,243	22,797,070	21,354,497
Planning and development	5,362,976	5,374,211	5,762,298
	<b>81,962,997</b>	<b>85,047,412</b>	<b>82,536,202</b>
Annual surplus	3,032,463	12,310,531	7,873,037
Accumulated surplus, beginning of year	351,047,406	351,047,406	343,174,369
Accumulated surplus, remeasurement gains (note 2)	-	146,300	-
<b>Accumulated surplus, end of year</b>	<b>\$ 354,079,869</b>	<b>\$ 363,504,237</b>	<b>\$ 351,047,406</b>

See accompanying notes to consolidated financial statements.

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

### DRAFT Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 15)	2023 Actual	2022 Actual (Restated - note 2)
Annual surplus	\$ 3,032,463	\$ 12,310,531	\$ 7,873,037
Purchase of tangible capital assets	(16,757,050)	(21,610,836)	(10,418,608)
Contributed tangible capital assets	-	(3,981,859)	(2,441,005)
Amortization of tangible capital assets	13,704,449	13,704,449	13,695,426
Accretion expense	-	-	20,627
Remeasurement gain on investments (principal protected notes) (note 2)	-	146,300	-
Proceeds from sale of tangible capital assets	-	241,032	86,503
Gain on sale of tangible capital assets	-	(222,243)	(11,907)
	(3,052,601)	(11,723,157)	931,036
Increase in prepaid expenses	-	(181,577)	(147,228)
Purchase of inventories and supplies	-	(949,430)	(1,043,289)
Use of inventories and supplies	-	918,515	1,055,125
	-	(212,492)	(135,392)
Change in net financial assets (debt)	(20,138)	374,882	8,668,681
Net financial assets, beginning of year	29,667,892	29,667,892	21,514,491
Adjustment on the adoption of the asset retirement obligation standard (note 2)	-	-	(515,280)
<b>Net financial assets, end of year</b>	<b>\$ 29,647,754</b>	<b>\$ 30,042,774</b>	<b>\$ 29,667,892</b>

See accompanying notes to consolidated financial statements.

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## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

### **DRAFT** Consolidated Statement of Remeasurement Gains and Losses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ -	\$ -
Unrealized gains attributable to: Investments (principal protected notes)	146,300	-
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 146,300</b>	<b>\$ -</b>

See accompanying notes to consolidated financial statements.



## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

### DRAFT Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 12,310,531	\$ 7,873,037
Items not involving cash:		
Amortization of tangible capital assets	13,704,449	13,695,426
Unrealized gain on portfolio investments	146,300	—
Accretion expense	21,487	20,627
Gain on sale of tangible capital assets	(222,243)	(11,907)
Contributed tangible capital assets	(3,981,859)	(2,441,005)
	21,978,665	19,136,178
Change in non-cash operating items:		
Taxes receivable	(1,950,579)	(1,444,077)
Accounts receivable	(3,795,332)	(2,274,201)
Accounts payable and accrued liabilities	(460,712)	2,919,661
Deferred revenue - obligatory reserve funds	438,125	5,915,991
Other deferred revenue	(64,270)	(2,224,008)
Developer and other deposits	(1,433,752)	2,595,626
Employee benefits and other liabilities	649,107	1,271,031
Inventory	(30,915)	11,836
Prepaid expenses	(181,577)	(147,228)
	15,148,760	25,760,809
Capital activities:		
Purchase of tangible capital assets	(21,610,836)	(10,418,608)
Proceeds on sale of tangible capital assets	241,032	86,503
	(21,369,804)	(10,332,105)
Financing activities:		
Repayment of long-term debt	(1,905,492)	(1,839,768)
Investing activities:		
Purchase of portfolio investments	(17,840,717)	(10,268,643)
Increase (decrease) in cash	(25,967,253)	3,320,293
Cash, beginning of year	37,605,639	34,285,346
<b>Cash, end of year</b>	<b>\$ 11,638,386</b>	<b>\$ 37,605,639</b>

See accompanying notes to consolidated financial statements.

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# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## **DRAFT** Notes to Consolidated Financial Statements

Year ended December 31, 2023

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The Corporation of the Town of Whichurch-Stouffville (the "Town") is a lower-tier municipality located in the Regional Municipality of York, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislations.

### **1. Significant accounting policies:**

The consolidated financial statements of the Town are the responsibility of management. They are prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### **(a) Reporting entity:**

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. These Boards include:

- Whichurch-Stouffville Public Library
- Latcham Art Centre

All inter-entity transactions and balances have been eliminated on consolidation.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

(b) Non-consolidated entities:

(i) Accounting for Region and School Board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the Region and the schools board are not reflected in these consolidated financial statements.

(ii) Trust funds:

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

(c) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(d) Government transfers:

Government transfers are recognized in the consolidated financial statements when the transfer is authorized, and any eligibility criteria have been met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## *DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### 1. Significant accounting policies (continued):

(e) Deferred revenue - obligatory reserve funds:

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

(f) Deferred revenue - general:

Funds received from residents and contractors in security for the completion of specified development projects are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year it is used for the specified purpose.

(g) Investment income:

Investment income earned is reported as revenue in the year earned. Investment income earned on obligatory reserves, such as development charges and parkland allowances, is added to the associated funds and forms part of the respective deferred revenue.

(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 CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## **DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### **1. Significant accounting policies (continued):**

#### (i) Tangible capital assets:

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

	Useful life - years
Land improvements	15 - 30
Facilities	10 - 40
Vehicles	7 - 17
Machinery and equipment	3 - 30
Transportation infrastructure	15 - 50
Environmental infrastructure	20 - 80

Tangible capital assets under construction are recorded at cost and are not amortized until the asset is available for productive use. No amortization is charged in the year of acquisition.

#### Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt with a corresponding amount recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at the time of registration.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## *DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### 1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting year. The principal estimates used in the preparation of these consolidated financial statements are employee benefits payable, estimated useful life of tangible capital assets, valuation of tangible capital assets, and property taxation. Actual results could differ from those estimates.

(k) Cash:

Cash is comprised of cash on hand and cash held in financial institutions.

(l) Property held for resale:

Property held for resale is valued at the lower of cost and net realizable value.

(m) Inventory of supplies:

Inventory of supplies are priced at average cost on a first-in, first-out basis.

(n) Portfolio investments:

Portfolio investments are comprised of amounts invested in high interest savings accounts, guaranteed investment certificates, corporate bonds, equity funds, principal protected notes ("PPN") and money market funds. Portfolio investments are valued at cost, with the exception of PPN which are valued at fair value as per the requirements of PS 3450, Financial Instruments. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## *DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### 1. Significant accounting policies (continued):

(o) Revenue recognition:

(i) User fees:

User fees and other revenue are recognized when performance has been met, and collectability is reasonably assured.

(ii) Developer contributions:

Developer contributions and fees for services are recognized over the period of service or when required expenses occur if applicable.

(iii) Taxation and related revenue:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established by the Town Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario and the Region of York in respect of education taxes and regional services respectively. The legislation limits increase in property tax bills to a maximum of 10% annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current assessed value. A normal part of the assessment process is the issue of supplementary rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. In accordance with PS 3510, Tax Revenue, taxation revenue is estimated and recorded when the taxable event has occurred. For property taxes, the taxable event is the year for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. The Town is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the year the interest and penalties are earned.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

(p) Employee future benefits:

(i) Non-pension post retirement benefits:

The Town provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board Act, and life insurance, extended health and dental benefits for early retirees. The Town accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Town has adopted the following valuation methods and assumptions:

(a) Actuarial cost method:

The costs of sick leave, benefits under the Workplace Safety and Insurance Board Act 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 accumulate over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the accrued benefit obligations are actuarially determined using the projected benefits method prorated on service, as defined in PS 3250 and PS 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method, the benefit costs are recognized over the expected average service life of the employee group and an equal portion of total estimated future benefit is attributed to each year of service.



# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## **DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### **1. Significant accounting policies (continued):**

Any actuarial gains and losses related to the past service of employees are amortized on a linear basis over the expected average remaining service life of the employee group, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. The Town's fiscal year-end is December 31 and the measurement date of the Town's obligation is as such.

#### **(b) Workplace Safety and Insurance ("WSIB") obligations:**

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 obligations are actuarially determined, and 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 year they arise.

#### **(c) Funding policy:**

The non-pension post-retirement benefits are funded on a pay-as-you-go basis. The Town funds on a cash basis as the benefits are paid. No assets have been formally segregated and restricted to provide the non-pension retirement benefits.

#### **(ii) Pension plans:**

The Town is an employer member of the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, are responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Town has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. As such, no pension liability is included in the Town's consolidated financial statements and contributions are recognized as an expense in the year to which they relate.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (q) Asset retirement obligation:

The Town recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been 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 future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The liability is measured at the Town's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include postretirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

Upon initial recognition of the liability for an ARO, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each consolidated financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized in accordance with the amortization accounting policies described in note 1(i).

### (r) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations and accumulated surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations and accumulated surplus and any unrealized gain or loss is adjusted through the consolidated statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the consolidated statement of remeasurement gains and losses are reversed and recognized in the consolidated statement of operations and accumulated surplus.

### (s) Budget figures:

The Town budgets for the following items on the consolidated statement of operations and accumulated surplus: interest earned on reserves and amortization expense.

The Town completes separate budget reviews for its operating and capital project budgets each year. Both budgets are reflected in the consolidated statement of operations and accumulated surplus.

The operating budget is based on projected operating expenses to be incurred during the current year. Budgets established for capital projects are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years.

### (t) Related parties disclosure:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements. As at December 31, 2023, there are no such related party transactions to disclose.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## **DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### **1. Significant accounting policies (continued):**

(u) Future accounting pronouncements:

The standards noted below were not in effect for the year ended December 31, 2023, therefore, have not been applied in preparing these consolidated financial statements. Management is assessing the impact of these standards on future statements.

Standards applicable for the Town for the fiscal year beginning on January 1, 2024:

- (i) PS 3400, Revenue, establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- (ii) PS 3160, Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.
- (iii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## **DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### **2. Change in accounting policies:**

The Town adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201, Financial Statement Presentation, PS 2601, Foreign Currency Translation, PS 3041, Portfolio Investments, and PS 3450, Financial Instruments.

PS 1201, Financial Statement Presentation, replaces PS 1200, Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the consolidated statement of remeasurement gains and losses separate from the PS 3041, Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 3450, Financial Instruments, establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments (such as receivables, payables, and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). The Town's investments in PPN meet the requirements of a financial instrument that has an embedded derivative included in the financial instrument. The standards allow for the financial instruments that contain one or more embedded derivatives; the Town may designate the entire hybrid (combined) instrument carried at fair value. This designation is irrevocable. The Town has made an election for the PPN to report the combined instrument at fair value. Any unrealized gains and losses are reported through a new statement called statement of remeasurement gains and losses. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity.

In accordance with the provisions of this new standard, the Town reflected an increase of \$146,300 to investments and a corresponding increase of \$146,300 to accumulated remeasurement gains due to unrealized gains of PPN previously classified at amortized cost.

On January 1, 2023, the Town adopted PS 3280, Asset Retirement Obligations ("PS 3280"), using the modified retroactive method with a restatement of comparative balances for the year ended December 31, 2022. The new accounting standard addresses the reporting requirements for legal obligations associated with the retirement of certain tangible capital assets ("TCA"). The new accounting standard has resulted in a withdrawal of existing PS 3270, Solid Waste Landfill Closure and Post-Closure Liability.

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### 2. Change in accounting policies (continued):

#### Buildings with asbestos

The Town recognized an ARO relating to several buildings owned by the Town that contain asbestos. Asbestos represents a health hazard if disturbed during renovations or upon demolition of the building and there is a legal obligation to remove it. The presence of asbestos was verified through Hazardous Building Materials Assessments.

#### Sewer pipes with asbestos

The Town recognized an ARO related to sewer pipes.

As a result of adopting the new standard on January 1, 2022, the Town recognized tangible capital assets with a net book value of \$ 37,922 (comprising a carrying value of \$ 122,842 and accumulated amortization of \$84,920) and ARO of \$ 494,653 on its consolidated statement of financial position. The opening balance of accumulated surplus/deficit as at January 1, 2022, is decreased by \$ 456,730. These obligations represent estimated retirement costs for the Town-owned buildings and sewer pipes identified. The Town has restated the prior period, and the adoption of PS 3280 was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
<b>Consolidated Statement of Financial Position</b>			
Asset retirement obligations as at December 31, 2022	\$ -	\$ 515,280	\$ 515,280
Tangible capital assets as at December 31, 2022	320,845,425	35,340	320,880,765
Accumulated surplus as at December 31, 2022	351,527,346	(479,940)	351,047,406

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

### 2. Change in accounting policies (continued):

	As previously reported	Adjustments	As restated
<b>Consolidated Statement of Operations and Accumulated Surplus</b>			
Environmental services (amortization and accretion expense) as at December 31, 2022	\$ 17,250,947	\$ 8,681	\$ 17,259,628
Recreational and cultural services (amortization and accretion expense) as at December 31, 2022	21,339,968	14,529	21,354,497
Annual surplus at December 31, 2022	7,896,247	(23,210)	7,873,037
Accumulated surplus at January 1, 2022	343,631,099	(456,730)	343,174,369

	As previously reported	Adjustments	As restated
<b>Consolidated Statement of Changes in Net Assets</b>			
Annual surplus for the year ended December 31, 2022	\$ 7,896,247	\$ (23,210)	\$ 7,873,037
Amortization of TCA - ARO for the year ended December 31, 2022	13,692,843	2,583	13,695,426
Accretion expense for the year ended December 31, 2022	-	20,627	20,627



## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**2. Change in accounting policies (continued):**

	As previously reported	Adjustments	As restated
<b>Consolidated Statement of Cash Flows</b>			
Annual surplus for the year ended December 31, 2022	\$ 7,896,247	\$ (23,210)	\$ 7,873,037
Amortization of TCA - ARO for the year ended December 31, 2022	13,692,843	2,583	13,695,426
Accretion expense for the year ended December 31, 2022	-	20,627	20,627

**3. Cash:**

Cash is comprised of:

	2023	2022
Cash on hand	\$ 14,725	\$ 13,575
Cash held in banks	11,623,661	37,592,064
	<b>\$ 11,638,386</b>	<b>\$ 37,605,639</b>

The Town's bank accounts are held at one chartered bank. The bank accounts earn interest at a variable rate calculated on the daily balance.

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**4. Portfolio investments:**

Portfolio investments are comprised of:

	2023	2022
High interest savings	\$ 12,737,361	\$ 23,433,568
Guaranteed interest certificates	38,656,313	37,361,898
PPN	11,396,300	-
Money market fund	-	63,014
Bond fund	33,708,862	18,145,557
Equity fund	5,429,356	5,083,438
	<b>\$ 101,928,192</b>	<b>\$ 84,087,475</b>

Balances held in guaranteed investment certificates have maturity dates from 2024 to 2028 (2022 - 2023 to 2026) and interest rates from 1.85% to 5.25% (2022 - 0.70% to 5.05%). The market value of the portfolio investments at December 31, 2023 was \$105,625,183 (2022 - \$85,032,035).

**5. Deferred revenue - obligatory reserve funds:**

The balances in the obligatory reserve funds of the Town are summarized below:

	2023	2022
Obligatory Reserve Funds:		
Development Charges Act	\$ 26,108,563	\$ 28,022,263
Canada Community Building Fund	11,258,557	10,052,804
Planning Act	7,984,009	6,837,937
	<b>\$ 45,351,129</b>	<b>\$ 44,913,004</b>

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**5. Deferred revenue - obligatory reserve funds (continued):**

	2023 Opening	Contributions and interest	Revenue recognized	2023 Closing
Development Charges Planning Act	\$ 28,022,263 6,837,937	\$ 2,556,143 1,217,912	\$ 4,469,843 71,840	\$ 26,108,563 7,984,009
Developer contributions Canada Community Building Fund	34,860,200 10,052,804	3,774,055 1,926,485	4,541,683 720,732	34,092,572 11,258,557
	<u>\$ 44,913,004</u>	<u>\$ 5,700,540</u>	<u>\$ 5,262,415</u>	<u>\$ 45,351,129</u>

There is provincial and municipal legislation which restricts how these funds may be used. Cash needed to fund these obligatory reserve funds is \$45,351,129 (2022 - \$44,913,004). Actual cash and portfolio investments on hand was \$113,420,278 (2022 - \$121,693,114).

**6. Asset retirement obligations:**

The Town has recorded ARO as of the January 1, 2022 implementation date on a modified retroactive basis with restatement. This transitional provision allows the Town to use its discount rate at the first date of the current period as its discount rate. The Town determined that its cost of borrowing is the most appropriate discount rate, which has been calculated as 4.17% as of January 1, 2022. The buildings and sewer pipes with an associated asset retirement obligation due to asbestos materials were discounted using this rate.

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

*DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**6. Asset retirement obligations (continued):**

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

Balance, January 1, 2022 - adjustment on adoption of PS 3280 (note 2)	\$ 494,653
Accretion expense	20,627
Balance, December 31, 2022	515,280
Accretion expense	21,487
Balance, December 31, 2023	\$ 536,767

**7. Employee benefits payable:**

The Town provides certain employee benefits which will require funding in future periods.

Employee benefits payable:

	2023	2022
Retirement health care benefits	\$ 747,712	\$ 646,349
WSIB benefits	1,214,384	1,054,760
Accrued salary, benefits and severance payable	2,192,628	1,864,216
Accrued vacation and overtime payable	585,764	526,056
	\$ 4,740,488	\$ 4,091,381

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**7. Employee benefits payable:**

	2023	2022
Retirement health care benefits:		
Accrued benefit obligation - opening balance	\$ 765,974	\$ 730,584
Add current period benefit expense	61,127	53,515
	827,101	784,099
Increase due to plan amendment (a)	-	100,127
Interest accrued	39,190	27,984
Benefit payments	(25,468)	(22,181)
Actuarial gain	840,823	890,029
	-	124,055
Accrued benefit obligation - closing balance	840,823	765,974
Unamortized actuarial loss	(93,111)	(119,625)
<b>Post-retirement benefits - liability</b>	<b>\$ 747,712</b>	<b>\$ 646,349</b>
	2023	2022
Current year benefit cost	\$ 61,127	\$ 53,515
Prior period cost of plan amended incurred during the year	-	100,127
Interest accrued on benefit obligation	39,190	27,984
<b>Benefit expense</b>	<b>\$ 100,317</b>	<b>\$ 181,626</b>

The amortization of actuarial gains and losses for the year was \$26,514 (2022 - \$35,375).

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**7. Employee benefits payable (continued):**

Workplace Safety and Insurance Board:

	2023	2022
WSIB obligation - opening balance	\$ 1,459,546	\$ 1,100,115
Current period benefit expense	209,989	204,321
Interest accrued	40,846	31,318
Increase due to plan amendment (c)	-	250,653
Expected benefit payments	(158,482)	(126,861)
WSIB obligation, closing balance	1,551,899	1,459,546
Unamortized actuarial loss	(337,515)	(404,786)
<b>WSIB benefits, accrued obligation</b>	<b>\$ 1,214,384</b>	<b>\$ 1,054,760</b>
Current year benefit cost	\$ 209,989	\$ 204,321
Plan amendment incurred during the year	-	250,653
Amortization of gains	67,271	67,271
Interest	40,846	31,318
<b>Benefit expense</b>	<b>\$ 318,106</b>	<b>\$ 553,563</b>

Post retirement benefits:

(a) Retirement health care benefits:

The Town provides health care benefits to certain employee groups after retirement until the members reach 65 years of age. This was amended in 2022 to include additional benefits for certain employee groups. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2022.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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**7. Employee benefits payable (continued):**

(b) Accrued salary, benefits and severance payable:

In 2021, Council approved By-law 2021-081-EM regarding Councils' retirement allowance, repealing By-law 2002-91-EM and 2003-42-EM. According to the By-law, the amount of retirement allowance payable to all Members of Council is one-month salary per year of continuous service to a maximum payment of 12 months should they not be re-elected. Management estimates future severance, based on service and salary, and reserves are set aside for this purpose.

(c) WSIB benefits:

The Town is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety insurance costs. The accrued obligation represents the actuarial valuation for claims to be insured based on the history of claims with Town employees. The benefit costs and liabilities recorded are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was December 31, 2023.

The accrued benefit obligations for the Town's employee future benefit plans as at December 31, 2023 are based on actuarial valuations for account purposes as at December 31, 2023. The actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the actuary's best estimate of expected rates of:

	2023	2022
Inflation	1.75%	1.75%
Wage and salary increase	2.75%	2.75%
Discount on accrued benefit obligations	3.75%	3.75%
Health care costs escalation	3.75% to 6.42%	3.75% to 6.42%
Dental costs escalation	3.75%	3.75%

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**8. Pension agreement:**

OMERS provides pension services to more than 600,000 active, deferred, and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made and expensed by the Town for OMERS for 2023 were \$2,765,744 (2022 - \$2,468,473).

**9. Long-term liabilities:**

The balance of the long-term liabilities reported on the consolidated statement of financial position consists of the following:

Debtenture held by	Interest rate	Maturity date	2023	2022
Regional Municipality of York	4.89%	March 1, 2035	\$ 7,052,270	\$ 7,499,950
Regional Municipality of York	3.90%	December 1, 2051	4,200,000	4,350,000
Regional Municipality of York	4.45%	July 4, 2036	4,113,829	4,343,248
Regional Municipality of York	3.34%	May 1, 2038	3,541,019	3,728,141
Regional Municipality of York	3.31%	July 16, 2038	2,278,033	2,393,658
Regional Municipality of York	4.45%	July 4, 2036	1,893,667	1,999,273
Regional Municipality of York	4.89%	March 1, 2035	1,094,318	1,163,785
Regional Municipality of York	2.63%	December 1, 2025	654,002	968,408
Regional Municipality of York	3.21%	December 4, 2023	-	286,167
			<b>\$ 24,827,138</b>	<b>\$ 26,732,630</b>



# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## **DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### **9. Long-term liabilities (continued):**

Principal repayments for each of the next five years and thereafter are as follows:

2024	\$ 1,678,481
2025	1,740,144
2026	1,464,382
2027	1,522,393
2028	1,583,019
Thereafter	16,838,719
	<u>\$ 24,827,138</u>

The gross interest expense relating to the above long-term debt was \$1,095,725 (2022 - \$1,167,300). Repayment for all liabilities is semi-annual and consists of principal and interest.

The long-term liabilities reported above, issued in the name of the Town, have been approved by Municipal by-law. The annual principal and interest repayments required to serve these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Town has available an operating line of credit of \$4,000,000 to fund its cash flow operations. The interest rate on the loan is at the bank's prime interest rate minus 0.75%. At December 31, 2023, nil (2022 - nil) was drawn on this operating line of credit.

## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**10. Accumulated surplus:**

Accumulated surplus is comprised of the following:

	2023	2022
		(Restated - note 2)
Surplus:		
Reserves and reserve funds (see below)	\$ 56,460,410	\$ 57,812,322
Invested in tangible capital assets	332,750,222	320,845,425
General - fund	1,253,308	1,642,303
Library & Latcham Art Gallery - fund	11,587	11,585
Business improvement area	2,696	2,696
Less:		
Amount financed by long-term debt	(24,827,138)	(26,732,630)
Remeasurement gain on investments (PPN)	146,300	-
Interest on long-term debt	(331,052)	(353,246)
Post employment/severance and WSIB obligation	(1,962,096)	(1,701,109)
Accumulated surplus, as previously stated	363,504,237	351,527,346
Adjustment on adoption of PS 3280	-	(479,940)
<b>Accumulated surplus, as restated</b>	<b>\$ 363,504,237</b>	<b>\$ 351,047,406</b>
Reserves and reserve funds set aside for specific purposes:		
Financial stability and flexibility reserves	\$ 19,484,658	\$ 20,028,016
Capital reserves	35,434,784	36,301,390
Specific purpose reserves	1,540,968	1,482,916
<b>Total reserves and reserve funds</b>	<b>\$ 56,460,410</b>	<b>\$ 57,812,322</b>

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 11. Tangible capital assets:

	Balance December 31, 2022	Additions	Disposals/ transfers	Balance December 31, 2023
<b>Cost</b>				
Land	\$ 50,928,639	\$ 5,581,402	\$ —	\$ 56,510,041
Land improvements	26,800,727	461,424	—	27,262,151
Facilities	103,844,745	313,645	(21,225)	104,137,165
Vehicles	11,755,218	2,118,236	(947,703)	12,925,751
Machinery and equipment	14,245,904	1,904,533	(1,026,864)	15,123,573
Transportation infrastructure	145,896,748	1,749,807	(44,998)	147,601,557
Environmental infrastructure	128,537,244	2,873,555	(22,620)	131,388,179
	482,009,225	15,002,602	(2,063,410)	494,948,417
Assets under construction	8,298,521	11,978,206	(1,388,113)	18,888,614
	\$ 490,307,746	\$ 26,980,808	\$ (3,451,523)	\$ 513,837,031
<b>Accumulated amortization</b>				
Land improvements	\$ 12,423,704	\$ 1,054,112	\$ —	\$ 13,477,816
Facilities	49,170,207	3,714,432	(7,301)	52,877,338
Vehicles	6,436,024	752,123	(945,233)	6,242,914
Machinery and equipment	7,844,189	1,341,641	(1,026,864)	8,158,966
Transportation infrastructure	66,538,657	4,595,147	(44,998)	71,088,806
Environmental infrastructure	27,014,201	2,246,994	(20,226)	29,240,969
	\$ 169,426,982	\$ 13,704,449	\$ (2,044,622)	\$ 181,086,809

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**11. Tangible capital assets (continued):**

	Balance December 31, 2023
<b>Net book value</b>	
Land	\$ 56,510,041
Land improvements	13,784,335
Facilities	51,259,827
Vehicles	6,682,837
Machinery and equipment	6,964,607
Transportation infrastructure	76,512,751
Environmental infrastructure	102,147,210
	<u>313,861,608</u>
Assets under construction	18,888,614
	<u>\$ 332,750,222</u>

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 11. Tangible capital assets (continued):

	Balance, December 31, 2021	ARO adjustment	Additions	Disposals/ transfers	Balance, December 31, 2022
<b>Cost</b>					
Land	\$ 48,253,605	\$ —	\$ 2,675,034	\$ —	\$ 50,928,639
Land improvements	25,737,186	—	1,069,280	(5,739)	26,800,727
Facilities	103,001,020	25,227	873,195	(54,696)	103,844,746
Vehicles	10,627,827	—	1,312,367	(184,976)	11,755,218
Machinery and equipment	14,236,186	—	815,183	(805,465)	14,245,904
Transportation infrastructure	143,180,162	—	2,800,838	(84,252)	145,896,748
Environmental infrastructure	127,803,376	12,696	766,021	(44,849)	128,537,244
	472,839,362	37,923	10,311,918	(1,179,977)	482,009,226
Assets under construction	5,750,826	—	3,305,595	(757,900)	8,298,521
	\$ 478,590,188	\$ 37,923	\$ 13,617,513	\$ (1,937,877)	\$ 490,307,747
<b>Accumulated amortization</b>					
Land improvements	\$ 11,405,373	\$ —	\$ 1,019,708	\$ (1,377)	\$ 12,423,704
Facilities	45,504,210	1,736	3,701,476	(37,215)	49,170,207
Vehicles	5,885,527	—	723,221	(172,724)	6,436,024
Machinery and equipment	7,194,146	—	1,443,456	(793,413)	7,844,189
Transportation infrastructure	62,084,832	—	4,538,077	(84,252)	66,538,657
Environmental infrastructure	24,762,849	847	2,266,905	(16,400)	27,014,201
	\$ 156,836,937	\$ 2,583	\$ 13,692,843	\$ (1,105,381)	\$ 169,426,982

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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**11. Tangible capital assets (continued):**

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	Balance, December 31, 2022
<b>Net book value</b>	
Land	\$ 50,928,639
Land improvements	14,377,023
Facilities	54,674,539
Vehicles	5,319,194
Machinery and equipment	6,401,715
Transportation infrastructure	79,358,091
Environmental infrastructure	101,523,043
	<hr/> 312,582,244
Assets under construction	8,298,521
	<hr/> \$ 320,880,765

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# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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**11. Tangible capital assets (continued):**

(a) Assets under construction:

Assets under construction and other capital work in progress having a value of \$18,888,614 (2022 - \$8,298,521) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$3,981,859 (2022 - \$2,441,005).

**12. Property taxation:**

	2023	2022
Municipal, regional and school property taxes	\$ 123,557,056	\$ 117,150,281
Payments in lieu of property taxes and business taxes	724,099	714,920
Balance, end of year	124,281,155	117,865,201
Payments to Province of Ontario - school tax	(29,729,594)	(29,928,439)
Payments to Region of York - regional tax	(51,487,581)	(49,814,124)
Net property taxes and payments in lieu available for municipal purposes	\$ 43,063,980	\$ 38,122,638

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

## *DRAFT* Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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### **13. Public liability insurance:**

The Town has undertaken a portion of the risk for public liability, as a means of achieving cost effective risk management. As a result, the Town is self-insured for public liability claims up to \$10,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$10,000 to a maximum of \$5,000,000 per claim occurrence.

Claim expenses for the year in the amount of \$19,839 (2022 - \$20,016) are reported as expenses in the consolidated statement of operations and accumulated surplus.

### **14. Commitments and contingencies:**

In the ordinary course of business, various claims and lawsuits are brought against the Town. After reviewing the merits of these actions and claims with counsel and insurers, it is management's opinion that any uninsured liability arising from these claims cannot be reasonably estimated. Accordingly, no provision has been made in the accounts for these claims. Any liability as a result of these claims will be recognized at the time the amount is known or can be reasonably estimated.

The Town has commitments based on agreements that are renewed on an annual basis and as such the remaining amounts committed as at year-end are not significant.



## THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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**15. Budget:**

The budget adopted on November 30, 2022 by the Town for 2023 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated the use of surpluses accumulated in previous years to offset current year expenditures in excess of current year revenue such that the net budget was nil. In addition, there were no transactions related to tangible capital assets expensed within the budget, including amortization, with the exception of operating contributions to reserves required to fund the capital budget. As a result, the budget figures presented in the consolidated statements of operations and accumulated surplus and changes in net financial assets represent the budget adopted by the Town for 2023 with adjustments as follows:

	2023	2022
Budgeted (deficit) surplus for the year, as approved	\$ -	\$ -
Add:		
Principal repayments	1,905,490	1,839,768
Budgeted transfers to reserves	17,388,700	15,769,300
Less:		
Budgeted transfers from reserves	(2,557,278)	(4,402,940)
Amortization	(13,704,449)	(13,692,843)
Budgeted surplus for the year, per consolidated statement of operations and accumulated surplus	\$ 3,032,463	\$ (486,715)

**16. Trust funds:**

The trust funds administered by the Town amounting to \$1,249,996 (2022 - \$1,229,900) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 17. Segmented Information:

The Town provides a range of services to its citizens. For management reporting and stewardship purposes, the Town's operations are organized and reported by the services they supply.

Town services are provided by departments and their activities are reported. The following departments have been separately disclosed in the segmented information. The nature of the segment and the activities they encompass are as follows:

### (a) General government:

General government encompasses the administrative departments and activities, including Council, office of the Chief Administrative Officer, Clerk's office, By-law and Treasury. The cemetery is included in this segment as well.

### (b) Protection to persons and property:

Protection is comprised of fire and emergency services. This department is responsible for maintaining and enhancing public safety through emergency management planning, prevention and public education programs, enforcement and emergency response services.

### (c) Transportation services:

The Public Works department is responsible for maintaining the Town's infrastructure. This includes the safety and maintenance of the Town's paved roads, sidewalks, streetlights, trees, traffic control devices, waste/recycling collection and the school crossing guard program.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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**17. Segmented information (continued):**

(d) Environment services:

This segment consists of water and wastewater services. Its responsibilities include the provision of drinking water and the collection and treatment of wastewater. Credit balances represent reclassifications from expenses to tangible capital assets.

(e) Recreation services:

The Recreation department is responsible for the planning, administration, operation and maintenance of municipal parks and facilities. Recreation and leisure services are provided through fitness and aquatic programs as well as parks, playgrounds, open spaces and trail systems.

(f) Planning and development:

The Planning and Building Services department administers and oversees key aspects of the land use and development approval process in the Town.

(g) Cultural services:

This segment supports arts and culture and promotes and preserves the community's heritage through museum services.

(h) Library:

The Library serves the members of the public in their leisure, informational, cultural and visual arts quests.

# THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE

**DRAFT** Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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**17. Segmented information (continued):**

(i) Latcham:

The Latcham Art Centre advances education by offering a broad range of art education classes and courses and operating a public art gallery for the general public.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and the amounts that are allocated on a reasonable basis. Taxation revenue is allocated to the general government as there is no appropriate basis of allocation to other segments.

Other funds column represents elimination of inter company taxation transaction.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

# CORPORATION OF THE TOWN OF MURCH-STOUFFVILLE

Notes to Consolidated Financial Statements (continued)

December 31, 2023

## Additional information (continued):

	All segments		General government		Protection		Transportation		2022
	2023	2022	2023	2022	2023	2022	2023	2022	
Revenue	\$ 42,712,684	\$ 37,790,070	\$ 42,712,684	\$ 37,790,070	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from other									
Contributions	351,296	332,568	277,931	263,334	-	-	-	-	-
Fees, licences and fines	31,955,999	36,776,015	2,038,286	4,751,539	760,466	654,789	686,270	753,373	19,374,684
Government grants	7,608,172	3,768,150	2,681,144	1,848,562	-	2,100	771,549	486,824	23,561,000
Government income	3,017,711	1,321,643	2,948,361	1,295,593	-	-	-	-	-
Interest and interest on taxes	2,504,854	2,178,231	2,504,854	2,178,231	-	-	-	-	-
Other contributions	4,432,662	5,013,818	2,313,791	2,894,574	74,582	74,673	576,899	577,615	-
Depreciated tangible capital assets	3,981,859	2,441,005	-	1,728,500	-	-	3,981,859	267,202	-
Other	792,706	787,739	62,545	86,937	19,803	-	18,831	22,956	126,551
	97,357,943	90,409,239	55,539,596	52,837,340	854,851	731,562	6,035,408	2,107,970	19,524,810
Expenses and wages	38,024,253	34,886,128	9,650,437	8,860,601	8,199,710	7,577,191	3,045,816	2,978,733	1,817,100
Materials, supplies and									
Utilities	15,179,984	15,752,137	2,462,563	2,676,705	890,878	669,997	3,095,124	3,529,956	1,727,720
Contracted services	4,855,454	5,425,139	518,047	914,165	322,176	269,258	3,507,271	3,487,811	127,570
Interest and financial expenses	1,101,685	1,186,437	255,676	57,966	(32,574)	70,387	155,864	182,148	(297,330)
Transfers to (from) other entities	12,160,100	11,570,308	(6,120)	(6,120)	(1,400)	(1,400)	(4,000)	(4,000)	12,205,150
Capitalization	13,725,936	13,716,053	1,007,513	1,063,229	668,886	653,363	5,237,685	5,179,789	2,322,360
	85,047,412	82,536,202	13,888,116	13,566,546	10,047,676	9,238,796	15,037,760	15,354,437	17,902,570
(deficit)	\$ 12,310,531	\$ 7,873,037	\$ 41,651,480	\$ 39,270,794	\$ (9,192,825)	\$ (8,507,234)	\$ (9,002,352)	\$ (13,246,467)	\$ 1,622,230

# CORPORATION OF THE TOWN OF MURCH-STOUFFVILLE

Notes to Consolidated Financial Statements (continued)

December 31, 2023

## Supplemental information (continued):

	Recreation		Planning		Culture		Library		Latcham		2021
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,393,730	\$ 2,370,830	\$ 401,490	\$ 361,430	\$ (2,795,221)
Revenue from other	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	73,365	69,234	-	-	-	-	-	-	-
Fees, licences and fines	4,780,617	4,011,004	3,853,034	7,349,426	275,387	269,180	94,814	82,233	92,437	70,733	-
Government grants	3,902,658	955,399	26,661	68,414	81,540	91,262	100,392	66,701	20,663	182,497	-
Investment income	-	-	-	-	8,171	5,539	61,179	20,511	-	-	-
Interest and interest on taxes	-	-	-	-	-	-	-	-	-	-	-
Donor contributions	1,259,686	1,261,023	-	-	-	-	207,704	205,933	-	-	-
Depreciated tangible capital assets	-	9,972	-	-	-	-	-	-	-	-	-
Other	29,014	35,750	214,800	194,247	257,361	246,024	39,483	38,007	24,312	32,093	-
<b>Total</b>	<b>9,971,975</b>	<b>6,273,148</b>	<b>4,167,860</b>	<b>7,681,321</b>	<b>622,459</b>	<b>612,005</b>	<b>2,897,302</b>	<b>2,784,215</b>	<b>538,902</b>	<b>646,753</b>	<b>(2,795,221)</b>
Salaries and wages	7,737,282	7,305,804	4,107,025	3,850,941	1,292,555	977,944	1,785,429	1,444,265	388,896	296,226	-
Materials, supplies and	-	-	-	-	-	-	-	-	-	-	-
Utilities	4,536,344	4,026,405	1,245,243	1,777,864	705,621	750,514	441,798	372,892	74,693	143,840	-
Contracted services	30,165	39,808	8,577	79,177	124,424	44,831	202,822	483,427	14,400	81,920	-
Other financial expenses	1,004,998	945,171	-	-	1,819	1,512	9,158	13,988	4,075	3,489	-
Transfers to (from) other entities	2,761,690	2,629,730	-	40,950	-	61,480	-	-	-	-	(2,795,221)
Capitalization	4,151,557	4,135,685	13,366	13,366	-	-	321,989	326,415	2,575	1,411	-
<b>Total</b>	<b>20,222,036</b>	<b>19,082,603</b>	<b>5,374,211</b>	<b>5,762,298</b>	<b>2,124,419</b>	<b>1,836,281</b>	<b>2,761,196</b>	<b>2,640,987</b>	<b>484,639</b>	<b>526,886</b>	<b>(2,795,221)</b>
(deficit)	\$ (10,250,061)	\$ (12,809,455)	\$ (1,206,351)	\$ 1,919,023	\$ (1,501,960)	\$ (1,224,276)	\$ 136,106	\$ 143,228	\$ 54,263	\$ 119,867	\$ -