

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF OAKVILLE**

And Independent Auditor's Report thereon

Year ended December 31, 2023

Draft

THE CORPORATION OF THE TOWN OF OAKVILLE

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Year ended December 31, 2023

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Oakville (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Town Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP; independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Nancy Sully
Commissioner, Corporate Services
and Treasurer

Jonathan van der Heiden
Deputy Treasurer and
Director of Finance

May 27, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Oakville

Opinion

We have audited the accompanying financial statements of The Corporation of the Town of Oakville (the "Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of remeasurement losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information

(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 consolidated results of operations, its consolidated changes in net financial assets, its consolidated statement of remeasurement losses and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
May 27, 2024

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

(In thousands of dollars)

	2023	2022
		(Restated – note 2)
Financial assets:		
Cash	\$ 49,200	\$ 125,143
Accounts receivable (note 3):		
Taxes receivable	36,903	28,404
Other	52,735	44,272
Investments (note 4)	881,578	707,699
Investment in Municipal Development Corporation (note 5)	(6)	360
Investment in Halton Digital Access Services Corporation (note 6)	(25)	–
Investment in Oakville Enterprises Corporation (note 7)	304,806	282,334
	<u>1,325,191</u>	<u>1,188,212</u>
Liabilities:		
Accounts payable and accrued liabilities	60,048	40,555
Security deposits	39,207	41,194
Deferred revenue - obligatory reserve funds (note 8)	428,365	365,233
Deferred revenue (note 9)	37,930	35,910
Long-term liabilities (note 10)	100,567	106,022
Contaminated sites (note 11)	234	185
Asset retirement obligation (note 12)	6,715	6,715
Post employment benefit liability (note 13(a))	33,122	33,508
WSIB liability (note 13(b))	7,058	5,685
	<u>713,246</u>	<u>635,007</u>
Net financial assets	611,945	553,205
Non-financial assets:		
Tangible capital assets (note 14)	2,101,004	1,976,356
Prepaid expenses and inventory	5,901	6,094
	<u>2,106,905</u>	<u>1,982,450</u>
Contingent liabilities and guarantees (note 18)		
Accumulated remeasurement losses	(452)	–
Accumulated surplus from operations (note 15)	2,718,850	2,535,655
Accumulated surplus	<u>\$ 2,718,398</u>	<u>\$ 2,535,655</u>

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Operations and Accumulated Surplus

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

(In thousands of dollars)

	Budget (note 21)	2023	2022 (Restated – note 2)
Revenue:			
Taxation revenue	\$ 246,889	\$ 252,291	\$ 233,285
User fees and charges (note 16)	65,355	64,704	54,979
Government transfers:			
Government of Canada (note 19)	16,983	12,285	9,552
Province of Ontario (note 19)	5,476	5,785	6,533
Other Municipalities	4,663	5,378	5,536
Investment income	12,160	23,439	13,340
Revaluation of finance lease (note 7(a))	–	1,038	806
Interest on promissory notes from Oakville			
Enterprises Corporation (note 7(b))	4,622	4,622	4,622
Penalties and interest	3,300	5,057	4,150
Developer contributions and charges			
earned	32,762	111,875	187,109
Other	339	1,097	424
Gain on dilution of OEC shares (note 7)	–	–	17,415
Gain on disposal of assets	–	500	19,714
Equity income in MDC (note 5)	–	(601)	(519)
Equity income in HDASC (note 6)	–	(25)	–
Equity income in Oakville Enterprises			
Corporation (note 7)	6,100	28,272	21,962
Total revenue (note 20)	398,649	515,717	578,908
Expenses (note 20):			
General government	43,399	54,250	47,522
Protection services	56,671	56,936	55,686
Transportation services	93,633	96,867	93,710
Environmental services	7,317	7,499	8,807
Health services	3,983	4,050	4,066
Recreation and cultural services	86,007	86,375	80,061
Planning and development	21,546	26,545	24,122
Total expenses	312,556	332,522	313,974
Annual surplus from operations	86,093	183,195	264,934
Accumulated surplus from operations, beginning of year	2,535,655	2,535,655	2,270,721
Accumulated surplus from operations, end of year (note 15)	\$ 2,621,748	\$ 2,718,850	\$ 2,535,655

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022.
(In thousands of dollars)

	Budget (note 21)	2023	2022 (Restated – note 2)
Annual surplus	\$ 86,093	\$ 183,195	\$ 264,934
Acquisition of tangible capital assets	–	(172,806)	(188,737)
Amortization of tangible capital assets	51,000	47,745	46,716
Gain on disposal of tangible capital assets	–	(500)	(19,714)
Proceeds on disposition of tangible capital assets	–	913	28,329
	137,093	58,547	131,528
Acquisition of prepaid expenses and inventory	–	(5,901)	(6,094)
Use of prepaid expenses and consumption of inventory	–	6,094	4,632
	–	193	(1,462)
Change in net financial assets	137,093	58,740	130,066
Net financial assets, beginning of year	553,205	553,205	423,139
Net financial assets, end of year	\$ 690,298	\$ 611,945	\$ 553,205

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Remeasurement Losses

Year ended December 31, 2023, with comparative information for 2022
(In thousands of dollars)

	2023	2022
Accumulated remeasurement losses, beginning of year	\$ –	\$ –
Other comprehensive loss from Oakville Enterprises Corporation	(452)	–
Accumulated remeasurement losses, end of year	\$ (452)	\$ –

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

Draft

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Cash Flows

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

(In thousands of dollars)

	2023	2022 (Restated – note 2)
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$ 183,195	\$ 264,934
Items not involving cash:		
Amortization	47,745	46,716
Gain on disposal of tangible capital assets	(500)	(19,714)
Gain on dilution of OEC shares	–	(17,415)
Developer contributions of tangible capital assets	(77,618)	(137,240)
Change in contaminated sites liability	49	(11)
Change in post-employment benefit liability	(386)	473
Change in WSIB liability	1,373	957
Equity income in Municipal Development Corporation	601	519
Equity income in Oakville Enterprises Corporation	(28,272)	(21,962)
Equity income in Halton Digital Access Services Corporation	25	–
Gain on revaluation of OEC capital lease	(1,038)	(806)
Change in non-cash assets and liabilities:		
Taxes receivable	(8,499)	(4,645)
Other accounts receivable	(8,463)	(8,751)
Accounts payable and accrued liabilities	19,493	9,536
Other current liabilities	(1,987)	5,858
Deferred revenue - obligatory reserve funds	63,132	53,969
Deferred revenue	2,020	3,498
Prepaid expenses and inventory	193	(1,462)
Net change in cash from operating activities	191,063	174,454
Capital Activities:		
Cash used to acquire tangible capital assets	(95,188)	(51,497)
Proceeds of disposition on tangible capital assets	913	28,329
Net change in cash used in capital activities	(94,275)	(23,168)
Investing Activities:		
Net change in investments	(173,879)	(220,874)
Increase in shareholder loan to MDC	(235)	(51)
Decrease in direct financing lease receivable from Oakville Enterprises Corporation	738	595
Dividends from Oakville Enterprises Corporation	6,100	6,100
Net change in cash used in investing activities	(167,276)	(214,230)
Financing Activities:		
Debt issued	–	10,000
Debt principal repayment	(5,455)	(4,518)
Net change in cash from financing activities	(5,455)	5,482
Net change in cash	(75,943)	(57,462)
Cash, beginning of year	125,143	182,605
Cash, end of year	\$ 49,200	\$ 125,143

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

The Corporation of the Town of Oakville (the “Town”) is a municipality that provides municipal services such as fire, public works, planning, parks and recreation, library, and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town except for the Town’s government business enterprises (Oakville Municipal Development Corporation, Halton Digital Access Services Corporation, and Oakville Enterprises Corporation).

These entities and organizations include:

The Oakville Public Library Board
Downtown Oakville Business Improvement Area
Bronte Business Improvement Area
Kerr Village Business Improvement Area

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

(ii) Oakville Municipal Development Corporation

The Town’s investment in Oakville Municipal Development Corporation (“MDC”) is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, MDC’s accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of MDC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from MDC will be reflected as reductions in the investment asset account.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Halton Digital Access Municipal Services Corporation

The Town's investment in Halton Digital Access Services Corporations ("HDASC") is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, HDASC's accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of HDASC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from HDASC will be reflected as reductions in the investment asset account.

(iv) Oakville Enterprises Corporation

The Town's investment in Oakville Enterprises Corporation ("OEC") is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, OEC accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of OEC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from OEC will be reflected as reductions in the investment asset account.

(v) Accounting for Region and School Board transactions

The taxation, other revenues, expenses, assets, and liabilities with respect to the operations of Halton Region and the school boards are not reflected in these consolidated financial statements.

(vi) Trust funds

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

(b) Basis of accounting:

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

1. Significant accounting policies (continued):

(c) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Deferred revenue - obligatory reserve funds:

Deferred revenue - obligatory reserve funds represent development charge contributions, building permits fees, payments in lieu of parkland, and gas tax, levied or received under the authority of federal and provincial legislation and Town by-laws. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(e) Deferred revenue:

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

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to deferred revenue and forms part of the deferred revenue balance.

(g) Financial instruments:

Financial Instruments are classified into three categories; fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial statement instrument:

Financial Instrument	Measurement
Cash	Amortized cost
Accounts receivable	Amortized cost
Investments	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long term debt	Amortized cost

For financial assets and financial liabilities measured at amortized cost, interest is to be recorded using the effective interest rate (EIR) method. The EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

1. Significant accounting policies (continued):

(h) Taxation revenue:

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized, and the taxable event has occurred.

(i) User fees:

User fees are recognized as revenue when the service is performed.

(j) Investments:

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(k) Net investment in direct financing leases receivable:

Investment income related to the Town's net investment in direct financing leases is recognized in a manner that produces a constant rate of return on investment. The investment in the leases is composed of net minimum remaining lease payments net of unearned investment income.

(l) Post-employment benefits:

(i) The Town provides certain employee benefits which will require funding in future periods. These benefits include long-term disability benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and extended health and dental benefits for early retirees.

The costs of long-term disability, benefits under the Workplace Safety and Insurance Board Act and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, earned days accumulated for certain employees payable at retirement, 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 service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

1. Significant accounting policies (continued):

(l) Post-employment benefits (continued):

- (i) For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.
- (ii) The costs of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(m) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	3 - 100
Buildings	10 - 75
Equipment	3 - 19
Vehicles	3 - 18
Roads Network	10 - 100
Environmental Network	10 - 100
Communications and Technology Services	3 - 8

Annual amortization is charged in the year of acquisition and in the year of disposal. Work-in-progress assets are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

1. Significant accounting policies (continued):

(m) Non-financial assets (continued):

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recognized as assets in these consolidated financial statements.

(v) Interest capitalization:

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) Leased tangible capital assets:

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

(vii) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(n) Sinking funds:

Sinking funds and their related operations are administered by Halton Region and, as such, are not included in these consolidated financial statements.

(o) Contaminated sites:

Contamination is a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the Town is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
 - a reasonable estimate of the amount can be made.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

1. Significant accounting policies (continued):

(p) Asset retirement obligations:

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made.

The Town reports liabilities related to legal obligations where the Town is obligated to incur costs to retire a tangible capital asset. An asset retirement obligation liability has been recorded for activities to fulfill the retirement of obligations identified based on estimates for the extent and costs directly attributable to asset retirement activities. As at December 31, 2023, all liabilities for asset retirement obligations are reported at current cost without discounting. In subsequent years, the liability is adjusted for changes resulting from the passing of time and revisions to either the timing or amount of the original estimate of undiscounted cash flows associated with the retirement obligation.

A significant part of the asset retirement obligation results from the removal and disposal of soil contaminants from past land contamination and designated substances such as asbestos from the Town's buildings.

The tangible capital assets affected by the obligations are amortized in accordance with the accounting policies outlined in note 1(m)(i). The liability associated with settlement of the obligations are amortized in accordance with the useful life of the related assets.

(q) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and the contaminated sites liability, estimates of useful lives of tangible capital assets, and in performing actuarial valuations of post-employment benefits liability and WSIB liability. Actual results could differ from these estimates.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

2. Changes in accounting policy:

PS 3280 Asset Retirement Obligations:

Effective January 1, 2023 the Town adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement, and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings by public sector entities.

Under the new standard, a liability for an asset retirement obligation is recognized as the best estimate of the amount required to retire a tangible capital asset when certain criteria are met as described in note 1.

Pursuant to the recommendations of PS 3280, the change was applied retroactively using the modified retrospective method and prior periods have been restated to reflect the liability for asset retirement obligations as of January 1, 2022. In accordance with the provisions of the new standard, the Town reflected the following adjustments for the year ended December 31, 2022:

	December 31, 2022 As previously Reported	Adjustments	December 31, 2022 As restated
Consolidated Statement of Financial Position			
Tangible capital assets	\$ 1,975,756	\$ 600	\$ 1,976,356
Asset retirement obligations	–	(6,715)	(6,715)
Accumulated surplus	(2,577,527)	6,115	(2,571,412)
Amortization expense	46,633	83	46,716
Consolidated Statement of Change in Net Financial Assets			
Net financial assets	\$ 595,677	\$ (6,715)	\$ 588,962

PS 3100 – Restricted Assets and Revenues:

Effective January 1, 2023, the Town has elected to treat the Building Enterprise Reserve and the Bonus Zoning Reserve as externally restricted assets under PS 3100. Although the funds were always used for the appropriate purposes, this accounting policy change has been done to better align with the provincial reporting requirements and recognize that these funds are externally restricted. Externally restricted inflows should be recognized as revenue in a government's financial statements in the period in which the resources are used for the purposes specified. An externally restricted inflow received before this criterion has been met should be reported as a liability until the resources are used for the purpose or purposes specified.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

2. Changes in accounting policy (continued):

Pursuant to the recommendations in PS 2120 Accounting Changes, this change has been applied retroactively with restatement of prior periods as follows:

	December 31, 2022 As previously reported	Adjustments	December 31, 2022 As restated
Consolidated Statement of Financial Position			
Deferred revenue	\$ (49,382)	\$ 13,472	\$ (35,910)
Obligatory reserves - Building	(316,004)	(43,866)	(359,870)
Obligatory reserves – Bonus zoning	(359,870)	(5,363)	(365,233)
Accumulated surplus	(2,571,412)	35,757	(2,535,655)
User fees	(58,913)	3,934	(54,979)
Developer contributions and charges earned	(189,470)	2,361	(187,109)
Investment income	(13,421)	81	(13,340)
Consolidated Statement of Change in Net Financial Assets			
Net financial assets	\$ 588,962	\$ (35,757)	\$ 553,205

3. Accounts receivable:

Taxes receivable are reported net of a valuation allowance of \$750 (2022 - \$1,500). There is also a valuation allowance for general accounts receivable of \$125 (2022 - \$142).

4. Investments:

Investments reported on the consolidated statement of financial position have market values of \$867,786 (2022 - \$679,543).

5. Investment in Oakville Municipal Development Corporation:

Oakville Municipal Development Corporation ("MDC") is owned and controlled by the Town and as a government business enterprise is accounted for on the modified equity basis in these consolidated financial statements. MDC serves to develop properties within the boundaries of the Town.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

5. Investment in Oakville Municipal Development Corporation (continued):

The following table provides condensed supplementary consolidated financial information for MDC for the year ended December 31:

Financial Position :

	2023	2022
Assets :		
Current	\$ 81	\$ 421
Total assets	\$ 81	\$ 421
Liabilities:		
Current	\$ 87	\$ 61
Shareholder loan	2,186	1,951
Total liabilities	\$ 2,273	\$ 2,012
Equity:		
Deficit	\$ (2,192)	\$ (1,591)
Total equity	(2,192)	(1,591)
Total liabilities and equity	\$ 81	\$ 421

Operations:

	2023	2022
Revenue	\$ –	\$ –
Expenses	(601)	(519)
Net loss and change in equity	(601)	(519)
Change in investment in MDC	\$ (601)	\$ (519)

Town of Oakville investment represented by:

Shareholder loan	\$ 2,186	\$ 1,951
Accumulated deficit	(2,192)	(1,591)
Total investment in MDC	\$ (6)	\$ 360

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Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

5. Investment in Oakville Municipal Development Corporation (continued):

The Town has provided a shareholder loan to MDC. This shareholder loan has no fixed terms of repayment.

Related party transaction and balances:

The following summarizes the Town's related party balances with MDC for the years ended December 31:

	2023	2022
Balances:		
Amounts due from MDC		
Accounts receivable	\$ 12	\$ 41

6. Investment in Halton Digital Access Services Corporation:

Halton Digital Access Services Corporation ("HDASC") is owned equally by The Regional Municipality of Halton, The Corporation of the Town of Oakville, The Corporation of the City of Burlington, The Corporation of the Town of Milton, and The Corporation of the Town of Halton Hills. HDASC serves to consolidate the negotiation and provision of licensing and permitting of pole positions within the Halton Region boundary. HDASC was incorporated on June 14, 2023.

The following table provides condensed supplementary consolidated financial information for HDASC for the period ended December 31:

	2023
Financial Position:	
Assets:	
Current	\$ 439
Capital	3
Total assets	\$ 442
Liabilities	
Current	68
Shareholder loan	324
Total liabilities	392
Equity:	
Deficit	\$ (127)
Equity portion of shareholder loan	177
Total equity	50
Total liabilities and equity	\$ 442

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Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

6. Investment in Halton Digital Access Services Corporation (continued):

	2023
Operations:	
Revenue	\$ 3
Expenses	(130)
Net loss and change in equity	(127)
Change in investment in HDASC (20%)	\$ (25)
Town of Oakville investment represented by:	
Shareholder loan	–
Accumulated net income	(25)
Total investment in HDASC	\$ (25)

Related party transaction and balances:

The following summarizes the Town's related party balances with HDASC for the years ended December 31:

	2023
Balances:	
Amounts due from HDASC Accounts receivable	\$ 19

7. Investment in Oakville Enterprises Corporation:

Oakville Enterprises Corporation and its wholly owned subsidiaries (collectively, the "Corporation") is 90% (2022 - 90%) owned and controlled by the Town and as a government business enterprise and is accounted for on the modified equity basis in these consolidated financial statements.

In 2022 the Corporation issued 222 Class B common shares. As part of the terms of the Unanimous Shareholders Agreement, the Corporation provided the 222 Class B common shares a right to put the shares back to the Corporation in exchange for fair market value no earlier than August 2, 2027. This right does not expire until such time that the subscriber of the 222 Class B common shares has either increased their investment in the Corporation beyond 10% or upon delivering three put notices. As at December 31, 2023, the Corporation valued the right at \$57,500 (2022 – 47,500). In 2023 the Corporation provided a right to convert 111 Class B common shares into a convertible promissory note. Due to the demand conversion features of the promissory note, the Town's interest in OEC of 90% has not changed.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

7. Investment in Oakville Enterprises Corporation (continued):

The Corporation serves as the electrical distribution utility for Oakville's residents and businesses. Other activities of the Corporation, and its subsidiaries, are to provide energy services, energy efficient home comfort equipment and services, billing services, street lighting maintenance services, retro-fit multi-residential buildings to individually metered units and utility related construction and power generation.

The following tables provide condensed supplementary consolidated financial information for OEC and its subsidiaries for the year ended December 31:

	2023	2022
Financial Position:		
Assets:		
Current:		
Capital	\$ 261,840	\$ 231,255
Regulatory balances	524,731	514,043
	15,182	20,446
Total assets	\$ 801,753	\$ 765,744
	2023	2022
Liabilities:		
Current:		
Capital lease obligations	\$ 169,478	\$ 153,976
Promissory notes payable to Town of Oakville	27,899	25,572
Long-term debt	77,029	77,029
Other	149,515	150,928
Regulatory balances	140,558	127,152
Class B common shares	7,627	11,824
	33,750	47,500
Total liabilities	\$ 605,856	\$ 593,981
Equity:		
Share capital	\$ 63,024	\$ 63,024
Retained earnings	127,605	102,969
Accumulated other comprehensive income	5,268	5,770
Total equity	195,897	171,763
Total liabilities and equity	\$ 801,753	\$ 765,744

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Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

7. Investment in Oakville Enterprises Corporation (continued):

	2023	2022
Operations:		
Revenue	\$ 696,918	\$ 598,130
Expenses (including income tax provision)	(665,069)	(590,486)
Net movement in regulatory changes (net of tax)	(1,067)	8,908
Net income and net movement in regulatory balances	30,782	16,552
Other comprehensive (loss)/income	(502)	7,470
Change in total comprehensive income	30,280	24,022
Share issuance costs	(47)	(746)
Dividend paid to Town of Oakville	(6,100)	(6,100)
Change in equity	24,133	17,176
Non-controlling interest's share of comprehensive income	(2,413)	(1,314)
Gain on dilution of shares	–	17,415
Direct financing lease receivable repayment	(738)	(595)
Revaluation of financing lease	1,038	806
Town's interest in Other comprehensive loss	452	–
Change in investment in Oakville Enterprises Corporation	\$ 22,472	\$ 33,488
Town of Oakville investment represented by:		
Direct financing leases receivable - note 7(b)	17,741	17,441
Promissory notes receivable - note 7 (c)	77,029	77,029
Investment in shares of the Corporation	63,024	63,024
Accumulated comprehensive income, net of dividends received	147,012	124,840
Total investment in Oakville Enterprises Corporation	\$ 304,806	\$ 282,334
Equity income in Oakville Enterprises Corporation represented by:		
Change in equity of OEC	30,280	24,022
Share issuance costs	(47)	(746)
Non-controlling interest's share	(2,413)	(1,314)
Town's interest in Other comprehensive loss	452	–
Total equity income in Oakville Enterprises Corporation	\$ 28,272	\$ 21,962

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

7. Investment in Oakville Enterprises Corporation (continued):

(a) Net investment in direct financing receivable:

The Town has provided a direct financing lease to the Corporation for the property known municipality as 861 Redwood Square. The lease was renegotiated in 2020 and the corresponding change in value has been reflected as a gain. The lease expires in December of 2039.

Minimum payments under this lease agreement are as follows:

2024	\$	1,675
2025		1,675
2026		1,675
2027		1,675
2028		1,675
Thereafter		18,420
		26,795
Less amount representing interest, imputed at 5.98%		(9,054)
	\$	17,741

(b) Promissory notes:

The Corporation issued promissory notes to the Town, effective February 1, 2020, with principal repayment due on February 1, 2030. The Town has the option on one year's prior written notice to the Corporation to revise the maturity date and any of the terms of the promissory notes. At December 31, 2023, the interest rate in effect on the promissory notes was 6% (2022 - 6%). Interest revenue earned from these notes totaled \$4,622 (2022 - \$4,622).

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

7. Investment in Oakville Enterprises Corporation (continued):

(c) Related party transaction and balances:

The following summarizes the Town's related party transactions and balances with the Corporation for the years ended December 31:

	2023	2022
Transactions:		
Revenue:		
Interest on promissory notes	\$ 4,622	\$ 4,622
Interest on capital leases	1,004	985
Garage services	408	400
Property taxes	574	560
Tree trimming services	489	539
Other	13	22
Expenses:		
Energy purchases (at commercial rates)	6,521	7,403
Construction/locating	1,833	1,875
Streetlight conversion and maintenance	363	114
Rent	158	149
Balances:		
Amounts due from the Corporation:		
Promissory note receivable	77,029	77,029
Direct financing leases receivables	17,741	17,441
Interest on promissory note	4,622	4,622
Accounts receivable	-	341
Amounts due to the Corporation:		
Accounts payable and accrued liability	1,499	1,837
Capital lease	1,513	1,240

(d) Contingencies and guarantees of Oakville Enterprises Corporation:

The Corporation has a revolving credit facility available for \$100,000. As at December 31, 2023, \$67,401 (2022 - \$66,651) had been drawn under the credit facility.

The Corporation has a letter of credit facility available of \$16,000, of which \$14,921 has been assigned to secure its primary source of electricity as required by the Independent Electricity System Operator ("IESO") Settlements Manual.

The Corporation, through its wholly owned subsidiary, Trans Power Utility Contractors Inc., has access to a \$10,000 credit facility bearing interest at prime plus varying spreads depending on the quarterly financial covenant under the credit facility and monitors cash balances to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2023, \$nil (2022 - \$4,453) had been drawn under the Corporation's credit facility.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

8. Deferred revenue – obligatory reserve funds:

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

						2023	2022 (restated note 2)
	Development Charges	Community Benefit Charge/ Bonus Zoning	Parkland	Gas Tax/ CCBF	Building Enterprise Reserve	Total	Total
Balance, beginning of year	\$ 211,408	\$ 6,209	\$ 68,421	\$ 35,329	\$ 43,866	\$ 365,233	\$ 311,264
Developer and other contributions	60,089	813	18,676	–	–	79,578	87,172
Licenses and permits	–	–	–	–	12,512	12,512	5,934
Interest earned	10,437	256	3,324	1,324	–	15,341	8,717
Provincial and federal funding	–	–	–	9,256	–	9,256	9,001
	70,526	1,069	22,000	10,580	12,512	116,687	110,824
Less:							
Contributions used in operating contributions	34,059	5	159	10,347	8,985	53,555	56,855
Balance, end of year	\$ 247,875	\$ 7,273	\$ 90,262	\$ 35,562	\$ 47,393	\$ 428,365	\$ 365,233

9. Deferred revenue:

The deferred revenue, reported on the consolidated statement of financial position, is made up of the following:

				2023	2022 (restated note 2)
	Deferred capital revenues	Pre-authorized tax payments	Deferred revenues operations	Total	Total
Balance, beginning of year	\$ 4,984	\$ 21,475	\$ 9,451	\$ 35,910	\$ 32,412
Development fees	2,245	–	2,346	4,591	26,675
User fees	–	–	27,010	27,010	22,446
Other	–	21,629	–	21,629	21,475
	2,245	21,629	29,356	53,230	70,596
Less:					
Contributions used in operating and capital funds	1,709	21,475	28,026	51,210	67,098
	\$ 5,520	\$ 21,629	\$ 10,781	\$ 37,930	\$ 35,910

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

10. Long-term liabilities:

- (a) The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2023	2022
<p>The Town has assumed responsibility for the payment of the principal interest charges on certain long-term serial debentures issued by Halton Region on behalf of the Town. Maturity dates vary from 2024 to 2032 and interest rates range from 0.5% to 3.7%.</p>	\$ 19,810	\$ 22,830
<p>The Town has assumed responsibility for the payment of the principal and interest charges on certain long-term liabilities issued by Halton Region under the Ontario Strategic Infrastructure Financing Authority (OSIFA) for Pine Glen. This debt is being recovered from the Oakville Soccer Club. This debt matures in 2030 and the interest rate is 4.80%.</p>	4,135	4,666
<p>The Town has assumed responsibility for the payment of annual sinking fund deposits on long-term debentures issued by Halton Region on behalf of the Town with a maturity date of April 6, 2045. Annual sinking fund deposit requirements are \$1,816. The interest rate on the debentures is 3.15% and is payable in semi-annual instalments of \$1,418. The Town's share of the interest earned to date on the sinking fund deposits held by the Region of Halton is \$2,369.</p>	75,469	77,286
<p>The Town has entered into a capital lease agreement for the provision of a Geothermal Energy System at one of the Town's community centers. The agreement is with OEC Geo-Exchange Inc., a subsidiary of Oakville Enterprises Corporation. The agreement calls for quarterly payments of \$26, has an implicit interest rate of 1.90%, and expires in 2029. The corresponding asset and accumulated amortization are included in Note 14.</p>	1,153	1,240
	\$ 100,567	\$ 106,022

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

10. Long-term liabilities (continued):

(a) Principal repayments due over the next five years and thereafter are as follows:

2024	\$	5,798
2025		5,972
2026		6,155
2027		6,348
2028		5,791
Thereafter		70,503
	\$	100,567

The principal repayments include the annual sinking fund deposit requirement of \$1,816.

- (b) The long-term liabilities in (a) issued in the name of the Town have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to \$3,652 (2022 - \$3,565). The long-term liabilities bear interest at rates ranging from 0.50% to 4.80%.
- (d) The balance of long-term liabilities reported on the consolidated statement of financial position is funded from the following sources:

	2023	2022
Tax levy supported	\$ 85,630	\$ 89,394
Development supported	9,130	10,000
Oakville Soccer Club	4,135	4,666
Harbours supported	1,672	1,962
	\$ 100,567	\$ 106,022

11. Contaminated sites:

The Town has recognized a liability of \$234 (2022 - \$185) for remediation of various contaminated sites for which the Town has assumed responsibility from other organizations. The future remediation costs and any post-remediation costs have an estimated undiscounted cost of \$250 and have been present valued using a discount rate of 5% (2022 - 5%). Estimates for these costs are based upon quotes provided by experts, the Town's history with similar remediation efforts and/or management's best estimates. The amount of estimated recoveries is \$nil.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

12. Asset retirement obligations:

	2023	2022
		Restated
Asset retirement obligations, beginning of year	\$ 6,715	\$ 6,751
Liabilities relieved during the year	–	(36)
Asset retirement obligations, end of year	\$ 6,715	\$ 6,715

As at December 31, 2023, approximately 57% of liabilities for asset retirement obligations pertained to retirement activities legally required for past land contamination, and approximately 37% pertained to the removal and disposal of designated substances from the Town's buildings. The asset retirement obligations are expected to be settled between 2024 and 2045.

13. Employment benefits and other liabilities:

(a) Post employment benefit liability:

The Town pays extended health and dental benefits for early retirees to age 65 as well as for certain employees. The Town recognizes these post-employment costs in the period in which the employees rendered the services. The accrued benefit liability and the expense for the 12 months ended December 31, 2023, were determined by actuarial valuation as at December 31, 2022 and extrapolated for 2023.

The main actuarial assumptions employed for the valuations are as follows:

(i) Interest (discount rate):

The obligation as at December 31, 2023, of the present value of future liabilities, and the expense for the 12 months ended December 31, 2023, were determined using a discount rate of 4.6% (2022 - 5%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 6.5% in the first year after the valuation date, reducing linearly to 4.0% after 8 years.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.0% per year.

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Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

13. Employment benefits and other liabilities:

(a) Post employment benefit liability:

Information about the Town's post employment benefit liability is as follows:

	2023	2022
Accrued benefit obligation, beginning of year	\$ 22,098	\$ 24,543
Current service costs	895	1,208
Actuarial loss (gain)	949	(3,681)
Interest on accrued benefit obligation	1,094	683
Benefits paid during the period	(1,334)	(655)
Accrued benefit obligation, end of year	23,702	22,098
Unamortized actuarial gain	9,420	11,410
Accrued benefit liability, end of year	\$ 33,122	\$ 33,508

Included in current year costs is \$1,042 for amortization of the actuarial gain (2022 - \$762). The unamortized actuarial gain is amortized over the expected average remaining service life of the employee group which was 13 years.

(b) WSIB:

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board ("WSIB") Act the Town has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2022, which includes an estimation of expected costs and payments for 2023, 2024 and 2025, as well as a calculation of the actuarial updates to December 31, 2023, 2024 and 2025. The main actuarial assumptions employed for the valuation are as follows:

(i) Interest (discount rate):

The obligation as at December 31, 2023, of the present value of future liabilities, and the expense for the 12 months ended December 31, 2023, were determined using a discount rate of 5% (2022 - 5%).

(ii) Administration costs:

Administration costs were assumed to be 23% (2022 - 23%) of the compensation expense.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

13. Employment benefits and other liabilities (continued):

(b) WSIB:

(iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs, survivor benefits and noneconomic loss awards, were assumed to change at rates ranging from 1% to 3% (2022 - 1% to 3%) depending on the benefit type.

Information about the Town's WSIB liability is as follows:

	2023	2022
Accrued WSIB obligation, beginning of year	\$ 11,505	\$ 6,496
Current service costs	1,740	1,248
Actuarial loss	–	4,229
Interest on accrued benefit obligation	580	229
Benefits paid during the period	(1,548)	(697)
Accrued WSIB obligation, end of year	12,277	11,505
Unamortized actuarial loss	(5,219)	(5,820)
Accrued benefit liability, end of year	\$ 7,058	\$ 5,685

Included in current service costs is \$601 (2022 - \$178) for amortization of the actuarial loss. The unamortized actuarial loss on future payments required to WSIB is amortized over the expected period of the liability which is 10 years (2022 -10 years).

(c) Other pension plans:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 1,352 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. OMERS is 97% funded, reporting a funding deficit of \$4,200,000 (2022 - \$6,700,000) in 2023.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$66.6 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings. The amount contributed to OMERS by the Town of Oakville for 2023 was \$12,416 (2022 - \$11,544). Employee contributions to OMERS for 2023 totaled \$12,416 (2022 - \$11,544).

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Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

14. Tangible capital assets:

	2023									
	Land	Land Improve- ments	Buildings	Equipment	Vehicles	Road Network	Environ- mental Network	Comm & Tech Services	Work in Progress	Total
Asset Cost										
Balance, beginning of year	\$ 966,125	\$ 288,494	\$ 398,799	\$ 43,122	\$ 92,113	\$ 652,143	\$ 365,105	\$ 36,630	\$ 23,340	\$ 2,865,871
Add: Additions during the year	67,573	10,348	2,877	2,844	9,876	22,306	9,777	3,657	120,965	250,223
Less: Disposal/Transfers during the year	(222)	(2,486)	(65)	(1,198)	(1,391)	(2,067)	-	(3,005)	(77,416)	(87,850)
Balance, end of year	1,033,476	296,356	401,611	44,768	100,598	672,382	374,882	37,282	66,889	3,028,244
Accumulated Amortization										
Balance, beginning of year	-	220,023	137,223	21,039	59,635	313,899	114,248	23,448	-	889,515
Add: Amortization	-	5,922	9,655	3,767	6,140	13,991	5,348	2,922	-	47,745
Less: Accumulated amortization on disposals	-	(2,476)	91	(1,389)	(1,344)	(1,895)	-	(3,007)	-	(10,020)
Balance, end of year	-	223,469	146,969	23,417	64,431	325,995	119,596	23,363	-	927,240
Net book value, end of year	\$ 1,033,476	\$ 72,887	\$ 254,642	\$ 21,351	\$ 36,167	\$ 346,387	\$ 255,286	\$ 13,919	\$ 66,889	\$ 2,101,004

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

14. Tangible capital assets (continued):

	2022 (Restated - note 2)									
	Land	Land Improve- ments	Buildings	Equipment	Vehicles	Road Network	Environ- mental Network	Comm & Tech Services	Work in Progress	Total
Asset Cost										
Balance, beginning of year	\$ 846,895	\$ 282,343	\$ 392,825	\$ 45,194	\$ 92,967	\$ 622,151	\$ 349,534	\$ 33,418	\$ 30,641	\$ 2,695,968
Add: Additions during the year	127,500	6,437	4,987	3,055	1,665	31,773	15,583	5,038	53,055	249,093
Less: Disposal/Transfers during the year	(8,270)	(286)	987	(5,127)	(2,519)	(1,781)	(12)	(1,826)	(60,356)	(79,190)
Balance, end of year	966,125	288,494	398,799	43,122	92,113	652,143	365,105	36,630	23,340	2,865,871
Accumulated Amortization										
Balance, beginning of year	-	214,535	127,656	20,318	56,596	302,348	109,101	22,464	-	853,018
Add: Amortization	-	5,891	9,303	3,729	6,264	13,213	5,152	3,164	-	46,716
Less: Accumulated amortization on disposals	-	(403)	264	(3,008)	(3,225)	(1,662)	(5)	(2,180)	-	(10,219)
Balance, end of year	-	220,023	137,223	21,039	59,635	313,899	114,248	23,448	-	889,515
Net book value, end of year	\$ 966,125	\$ 68,471	\$ 261,576	\$ 22,083	\$ 32,478	\$ 338,244	\$ 250,857	\$ 13,182	\$ 23,340	\$ 1,976,356

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

14. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$66,889 (2022 - \$23,340) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is comprised of:

	2023	2022
Land	\$ 56,350	\$ 109,229
Land Improvements	382	2,123
Road Network	11,199	12,868
Environmental Network	9,687	13,020
Total	\$ 77,618	\$ 137,240

(c) Leased assets:

The Town has capital leases included in tangible capital assets as follows:

	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 1,690	\$ 190	\$ 1,500

(d) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land under roads, cemetery lands and buildings slated for demolition are the only assets where nominal values were assigned.

(e) Works of art and historical treasures:

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

(f) Write-down of tangible capital assets:

No tangible capital assets were written down during the year (2022 - \$nil).

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

15. Accumulated surplus:

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

	2023	2022 (Restated – note 2)
Surplus:		
Invested in tangible capital assets	\$ 2,101,004	\$ 1,976,356
Equity in Oakville Enterprises	304,806	282,334
Equity in Municipal Development Corporation	(6)	360
Equity in Halton Digital Access Strategy Corporation	(25)	–
Unexpended capital	152,662	119,411
BIA reserves	514	402
Other	1,576	2,245
Unfunded:		
Contaminated sites	(234)	(185)
Post-employment benefits and WSIB	(40,180)	(39,193)
Asset retirement obligations	(6,715)	(6,715)
Long-term liabilities	(100,567)	(106,022)
	2,412,835	2,228,993
Reserves set aside for specific purposes by Council for:		
Tax rate stabilization	71,760	69,426
Capital financing	157,929	158,082
Acquisition of tangible capital assets	10,707	15,829
Working capital	25,522	24,833
Insurance	1,123	1,123
	267,041	269,293
Reserve funds set aside for specific purposes by Council:		
Post-employment benefits and WSIB	26,511	25,135
Street trees	–	4
Conservation purposes	236	215
Harbours	(6,106)	(6,605)
Library development	1,030	1,009
Building, ground maintenance and replacement	16,471	16,929
Parking	832	682
	38,974	37,369
	\$ 2,718,850	\$ 2,535,655

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

16. User fees and charges:

User fees and charges include the following:

	2023	2022
		(Restated – note 2)
Development fees and miscellaneous	\$ 10,998	\$ 11,807
Transit revenues	7,229	5,538
Parking, Provincial Offences Act and other fines	5,277	3,769
Town facilities rental and usage fees	14,233	11,833
Recreation and cultural program revenues	13,126	9,518
Cemeteries	958	823
Licenses and permits	12,883	11,691
	<u>\$ 64,704</u>	<u>\$ 54,979</u>

17. Trust funds:

Trust funds administered by the Town amounting to \$6,937 (2022 - \$6,801) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

18. Contingent liabilities and guarantees:

(a) Litigation:

The Town has been named as defendant in certain legal actions in which damages have been sought. The exact outcome of these actions is not determinable, as at the date of reporting; however, provisions have been made for those legal actions where it is likely the Town may at some future date be held liable.

(b) Cemeteries Act:

The Cemeteries Act (Revised), R.S.O., 1990, requires the Town to assume ownership and responsibility for the continuing care of pioneer and abandoned cemeteries. However, the Cemeteries Act does not address the issue of funding for this obligation, other than to provide that any assets, funds, and trust accounts, if they exist, become the property of the municipality at the time the ownership is assumed. This potential liability cannot be quantified at this time and no provision has been included in these financial statements.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

18. Contingent liabilities and guarantees (continued):

(c) Project commitments:

The Town has entered into a capital lease agreement for the provision of energy infrastructure for the electrification of the transit fleet. The capital lease payments for the infrastructure are between \$1,900 and \$5,000 annually over a 20-year period. At December 31, 2023, the payments totaled \$2,099 and will be recorded as a capital lease once the asset is in production. The Town also entered into an operating agreement for managing the infrastructure which is estimated to be between \$2,600 and \$3,800 annually starting in 2024.

(d) Guarantees:

In the normal course of business, the Town enters into agreements that meet the definition of a guarantee.

- (i) The Town, on occasion, has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Town agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (ii) The Town has purchased errors and omissions insurance to mitigate the costs of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as an officer, an employee, a volunteer or member of Council, Board, Commission or Committee of the Town. The maximum amount of any potential future payment cannot be reasonably estimated.
- (iii) In the normal course of business, the Town, on occasion, has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Town to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined, and the maximum amount of any potential reimbursement cannot be reasonably estimated.

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

18. Contingent liabilities and guarantees (continued):

The nature of these indemnification agreements prevents the Town from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Town has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

- (iv) The Town has a credit facility for \$99 for the purpose of issuing letters of credit mainly to support requirements of the Department of Fisheries and Oceans Canada, of which \$nil has been drawn (2022 - \$nil).

19. Government and external transfers:

The government transfers reported within the Consolidated Statement of Operations are:

	2023	2022
Revenue:		
Federal Grants:		
Canada Community Building Fund	\$ 7,798	\$ 5,192
Investing in Canada Infrastructure Program	2,634	1,888
Canada Revitalization Fund	1,269	717
Green and Inclusive Community Buildings	165	1,006
Young Canada Works, Canada Summer Jobs	127	355
Canadian Heritage Grant	127	167
Enabling Accessibility Fund	100	-
Other	51	74
Museum Assistance Program Fund	14	56
Natural Resources Canada	-	97
	12,285	9,552
Ontario Grants:		
Ontario Gas Tax	2,549	2,411
Investing in Canada Infrastructure Program	2,145	768
Streamline Development Approval Fund	701	299
Library	182	182
Elderly Persons	125	137
Museum	58	58
Other	20	10
Audit & Accountability Fund	5	408
Safe Restart Agreement - Transit	-	2,151
Reconnect Festival and Event Program	-	109
	5,785	6,533
Total government transfers	\$ 18,070	\$ 16,085

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

19. Government and external transfers (continued):

The external transfers reported within the Consolidated Statement of Operations are:

	2023	2022
Expenses:		
Recreational & cultural grants:		
Oakville Galleries operating grant	\$ 413	\$ 382
Recreational program subsidization	227	183
Theatre groups subsidization	182	179
Oakville Arts Council	94	91
Sport Development grants	38	38
Historical Society	9	8
Oakville Lawn Bowling	3	3
Cultural grants	2	3
	968	887
Other:		
Oakville Tourism Partnership	869	645
Heritage grants	92	113
T.O.W.A.R.F.	33	33
Accessibility costs	–	1
	994	792
Total external transfers	\$ 1,962	\$ 1,679

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

20. Segmented information:

	2023							Total
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and culture Services	Planning and Development	
Revenue								
Taxation	\$ 42,849	\$ 46,915	\$ 82,600	\$ 1,873	\$ 186	\$ 64,593	\$ 13,275	\$ 252,291
User fees and service charges	3,431	10,435	13,762	-	958	26,974	9,144	64,704
Canada Grants	242	-	9,957	507	-	1,573	6	12,285
Ontario Grants	46	-	4,700	-	-	385	654	5,785
Other Municipalities	170	1	4,584	15	-	383	225	5,378
Interest on promissory notes - Oakville Enterprises Corporation	4,622	-	-	-	-	-	-	4,622
Investment income	23,214	-	-	-	-	215	10	23,439
Revaluation of finance lease	1,038	-	-	-	-	-	-	1,038
Penalties and interest	5,057	-	-	-	-	-	-	5,057
Developer contributions and development charges earned	56,367	355	21,522	9,687	-	23,341	603	111,875
Gain (loss) on disposal of assets	24	(116)	622	-	12	(42)	-	500
Equity income in MDC	(601)	-	-	-	-	-	-	(601)
Equity income in HDASC	(25)	-	-	-	-	-	-	(25)
Equity income in Oakville Enterprises	28,272	-	-	-	-	-	-	28,272
Other	39	87	554	1	260	154	2	1,097
	164,745	57,677	138,301	12,083	1,416	117,576	23,919	515,717
Expenses								
Salaries, wages and benefits	35,067	46,730	42,055	466	453	43,987	12,296	181,054
Debt expense	22	-	214	-	2,835	567	-	3,638
Materials	914	651	13,608	31	90	7,591	74	22,959
Contracted Services	13,391	7,395	16,595	1,880	624	19,407	13,018	72,310
Rents & financial expenses	463	-	119	-	19	243	107	951
External Transfers	213	43	1,422	-	-	1,226	961	3,865
Amortization	4,180	2,117	22,854	5,122	29	13,354	89	47,745
	54,250	56,936	96,867	7,499	4,050	86,375	26,545	332,522
Annual surplus (deficit)	\$ 110,495	\$ 741	\$ 41,434	\$ 4,584	\$ (2,634)	\$ 31,201	\$ (2,626)	\$ 183,195

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023
(In thousands of dollars)

20. Segmented information (continued):

	2022 (Restated - note 2)							
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and culture Services	Planning and Development	Total
Revenue								
Taxation	\$ 42,839	\$ 44,097	\$ 71,480	\$ 1,712	\$ 167	\$ 61,258	\$ 11,732	\$ 233,285
User fees and service charges	3,103	9,796	10,260	-	823	20,922	10,075	54,979
Canada Grants	714	-	5,760	684	-	2,383	11	9,552
Ontario Grants	248	-	5,340	-	-	387	558	6,533
Other Municipalities	496	-	4,515	6	-	452	67	5,536
Interest on promissory notes - Oakville Enterprises Corporation	4,622	-	-	-	-	-	-	4,622
Investment income	13,100	-	-	-	-	239	1	13,340
Revaluation of finance lease	806	-	-	-	-	-	-	806
Penalties and interest	4,150	-	-	-	-	-	-	4,150
Developer contributions and development charges earned	118,181	36	33,439	13,020	-	22,401	32	187,109
Gain on dilution of OEC shares	17,415	-	-	-	-	-	-	17,415
Gain (loss) on disposal of assets	19,730	-	221	(6)	31	(262)	-	19,714
Equity income in MDC	(519)	-	-	-	-	-	-	(519)
Equity income in Oakville Enterprises	21,962	-	-	-	-	-	-	21,962
Other	(40)	15	(95)	23	160	358	3	424
	246,807	53,944	130,920	15,439	1,181	108,138	22,479	578,908
Expenses								
Salaries, wages and benefits	32,440	45,709	38,369	482	466	40,459	10,960	168,885
Debt expense	24	-	250	-	2,835	456	-	3,565
Materials	182	582	12,689	82	97	7,180	71	20,883
Contracted services	10,097	7,189	18,907	3,319	621	17,125	12,147	69,405
Rents & financial expenses	494	-	89	-	18	346	105	1,052
External transfers	137	43	1,269	-	-	1,251	768	3,468
Amortization	4,148	2,163	22,137	4,924	29	13,244	71	46,716
	47,522	55,686	93,710	8,807	4,066	80,061	24,122	313,974
Annual surplus (deficit)	\$ 199,285	\$ (1,742)	\$ 37,210	\$ 6,632	\$ (2,885)	\$ 28,077	\$ (1,643)	\$ 264,934

THE CORPORATION OF THE TOWN OF OAKVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

(In thousands of dollars)

21. Budget data:

The audited budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council on February 27, 2023. Amortization was estimated and included in the annual budget approval process. Post employment liabilities were not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Operating	Capital	Budget Amount
Revenues:			
Operating budget	\$ 390,745	\$ –	\$ 390,745
Capital budget	–	178,294	178,294
BIAs	2,177	–	2,177
Less:			
Internal revenues & recoveries	(31,057)	–	(31,057)
Transfers from other funds	(14,870)	(126,640)	(141,510)
Total revenue	346,995	51,654	398,649
Expenses:			
Operating budget	390,745	–	390,745
Capital budget	–	178,294	178,294
Amortization	–	51,000	51,000
BIAs	2,177	–	2,177
Less:			
Internal expenses	(31,057)	–	(31,057)
Transfers to other funds	(94,006)	–	(94,006)
Capital expenses	(1,378)	(178,294)	(179,672)
Debt principal payments	(4,925)	–	(4,925)
Total expenses	261,556	51,000	312,556
Annual surplus	\$ 85,439	\$ 654	\$ 86,093