



## Special Council Meeting Revised Agenda

Monday, August 12, 2024, 4:30 p.m.

Council Chambers

Whitby Town Hall

This meeting will be available for viewing through the Town's **live stream feed** while the meeting is in progress. Please visit [whitby.ca/CouncilCalendar](http://whitby.ca/CouncilCalendar) for more information about the live stream and archived videos.

This meeting will be held in a hybrid in-person and virtual format. In accordance with Section 8.1 of Procedure By-law # 8081-24, Members of Council may choose to attend in-person or participate virtually.

**Should you wish to provide comments regarding a matter being considered below, please submit written correspondence and/or a Delegation Request Form.**

- **To submit written correspondence**, please email your correspondence to the Office of the Town Clerk at [clerk@whitby.ca](mailto:clerk@whitby.ca) by noon on the day of the meeting. Correspondence must include your full name, address, and the item on the agenda that your correspondence is related to.
- **To speak during the Council meeting either in-person or virtually**, please submit a Delegation Request Form online to the Office of the Town Clerk by 8 a.m. on the day of the meeting. Should you be unable to access a computer, please call 905.430.4315 to speak with a Staff Member in the Office of the Town Clerk.

In accordance with Procedure By-law # 8081-24, Closed Meeting Policy G 040, and the Municipal Act, 2001, Section 239 (2)(b) personal matters about an identifiable individual, including municipal or local board employees, (c) a proposed or pending acquisition or disposition of land by the municipality or local board, and (f) advice that is subject to solicitor-client privilege, including communications necessary for that purpose, parts of this meeting may be closed to the public.

A Revised Agenda may be published on a later date. Late items added or a change to an item will appear with an asterisk beside them.

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1. **Call To Order: The Mayor**
  2. **Call of the Roll: The Clerk**
  3. **Declarations of Conflict of Interest**

#### 4. Delegations

#### 5. Items for Consideration

- 5.1 FS 30-24, Financial Services Department Report  
Re: 2023 Year End Communication and Audited Financial Statements

Recommendation:

1. That Report FS 30-24 be received for information;
2. That the Corporation of the Town of Whitby's Audited Consolidated Financial Statements for the year ended December 31, 2023, Attachment 2 to Report FS 30-24, be approved; and,
3. That Deloitte LLP be engaged to perform the audit of the Town of Whitby's financial statements for the year ending December 31, 2024.

- \*5.2 FS 35-24, Financial Services Department Report  
Re: Declare Surplus – A portion of Town-owned Lands at 150 Winchester Road West for a Conveyance to Elexicon

Recommendation:

1. That a portion of Block 232, Plan 40M-1966, subject to an easement over Part 10, Plan 40R-19041, as in LT902785; Town of Whitby, being a portion of PIN 26572-0369 (LT), (the "Property") be declared surplus for the purpose of a conveyance to Elexicon Energy Incorporated ("Elexicon");
2. That the Town provide public notice of its intention to declare the Property surplus and report back to Council on any written objections received, in accordance with Town Policy F-190; and,
3. That Council direct staff to negotiate an agreement with Elexicon on the Property disposition and report back to Council.

#### 6. Closed Session

This portion of the agenda is closed to the public. [Refer to the Closed Agenda - Town Clerk has control and custody.]

Recommendation:

That Council move in-camera in accordance with Procedure By-law # 8081-24, Closed Meeting Policy G 040, and the Municipal Act, 2001, Section 239 (2)(b) personal matters about an identifiable individual, including municipal or local board employees, (c) a proposed or pending acquisition or disposition of land by the municipality or local board, and (f) advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

- 6.1 LS 12-24, Confidential Legal and Enforcement Services Department Report  
Re: Expropriation of Land for the Des Newman Boulevard Environmental Compensation Capital Project

6.2 Confidential Memorandum from H. Ellis, Council and Committee Coordinator dated July 31, 2024 regarding Appointment to the Whitby Diversity and Inclusion Advisory Committee

**7. Rising and Reporting**

**8. By-laws**

8.1 By-law # 8106-24

Being a By-law to designate certain portions of a registered Plan of Subdivision (SW-2017-06) as not being subject of Part Lot Control.

**9. Confirmatory By-law**

Recommendation:

That leave be granted to introduce a by-law and to dispense with the reading of the by-law by the Clerk to confirm the proceedings of the Council of the Town of Whitby at its special meeting held on August 12, 2024 and the same be considered read and passed and that the Mayor and the Clerk sign the same and the Seal of the Corporation be thereto affixed.

**10. Adjournment**

Recommendation:

That the meeting adjourn.

# Town of Whitby

## Staff Report

[whitby.ca/CouncilCalendar](http://whitby.ca/CouncilCalendar)



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### Report Title: 2023 Year End Audited Financial Statements

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**Report to:** Council

**Date of meeting:** August 12, 2024

**Report Number:** FS 30-24

**Department(s) Responsible:**

Financial Services Department

**Submitted by:**

Fuwing Wong, Commissioner of  
Financial Services and Treasurer

<b>Acknowledged by M. Gaskell, Chief Administrative Officer</b>
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**For additional information, contact:**

Brittany Gray, Senior Manager, Financial  
Accounting x2801

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#### 1. Recommendation:

1. That Report FS 30-24 be received for information;
2. That the Corporation of the Town of Whitby's Audited Consolidated Financial Statements for the year ended December 31, 2023, Attachment 2 to Report FS 30-24, be approved; and,
3. That Deloitte LLP be engaged to perform the audit of the Town of Whitby's financial statements for the year ending December 31, 2024.

#### 2. Highlights:

The Chartered Professional Accountants of Canada requires that external auditors have communication with those individuals within an organization that have oversight responsibility for the financial reporting process.

The Town's external auditors are Deloitte LLP. The purpose of this report is to communicate the results and recommendations regarding the external audit of the Town of Whitby's 2023 financial statements.

This report contains the following for the year ending December 31, 2023:

- A Year End Communication from Deloitte LLP, including the Draft Management Letter (attachment 1); and
- Draft Consolidated Financial Statements (attachment 2).

Upon approval of the financial statements, the auditors intend to provide an unqualified opinion and state that the financial statements are presented fairly, in all material respects, the financial position of the Corporation of the Town of Whitby as at December 31, 2023.

### 3. Background:

The *Municipal Act* requires that municipalities prepare an annual consolidated financial statement and that this statement be audited in accordance with Canadian Generally Accepted Auditing Standards (Canadian GAAS). The annual consolidated financial statements for the Town of Whitby as at December 31, 2023 reflect the assets, liabilities, accumulated surplus, revenues and expenses of the following entities:

- Town of Whitby;
- Town of Whitby Public Library Board;
- Groveside Cemetery Board; and
- Downtown Whitby Business Improvement Area

In addition, the Town of Whitby recognizes its equity interest in the annual income or loss of its investment in Government Business Enterprise, Elexicon Corporation from the period of January 1, 2023 to December 31, 2023 in its statement of operations with a corresponding increase or decrease in its investment asset account.

Canadian GAAS outline the Auditor's responsibilities in relation to the Financial Statement Audit, as follows:

1. The auditor shall communicate with those charged with governance the responsibilities of the auditor in relation to the financial statement audit, including that:
  - (a) The auditor is responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance; and
  - (b) The audit of the financial statement does not relieve management or those charged with governance of their responsibilities.
2. The auditor shall communicate with those charged with governance an overview of the overall strategy, addressing:

- 
- (a) Timing of the audit
  - (b) Significant risks, including fraud risks, and
  - (c) Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk.

#### 4. Discussion:

The financial statements have been prepared in accordance with *Municipal Act, 2001*, and based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The 2023 Consolidated Financial Statements are the responsibility of Management of the Corporation of the Town of Whitby. The financial statements have been examined by Deloitte LLP, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian Public Sector Accounting Standards (“PSAS”).

The auditors intend to provide an unqualified opinion and have stated that the financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Whitby as at December 31, 2023, in accordance with PSAS.

Under the *Municipal Act* Section 296 (1), a municipality shall appoint an auditor licensed under the Public Accounting Act who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit. The auditors also perform duties required by the municipality or local board.

The Town’s Procurement Policy exempts annual audit fees and related audit services. Deloitte LLP continues to provide satisfactory and professional auditing and other ancillary services to the Town. Accordingly, staff are recommending that Deloitte LLP be engaged to perform the audit of the Town of Whitby’s Financial Statements for the year ending December 31, 2024. The 2024 interim audit will be scheduled for December, 2024 and the final audit will be scheduled for April, 2025.

#### 5. Financial Considerations:

The engagement of Deloitte LLP for the 2023 audit was approved in a previous report (FS 22-23). The estimated professional fees for the 2023 audit of the Town of Whitby, Groveside Cemetery Board, Whitby Public Library, Downtown Whitby Business Improvement Area, and Trust Funds is \$91,200. The 2024 budget for professional fees pertaining to the 2024 audit is \$71,000. The estimated cost for the 2024 audit is \$93,500. It is anticipated that the variance related to the audit services will be offset by other favourable variances in 2024.

**6. Communication and Public Engagement:**

A copy of the 2023 audited financial statements will be posted on the Town of Whitby's website.

In addition, as per the Municipal Act 295 (1) requirements, within 60 days after receiving the audited financial statements the Town will publish in the newspaper a notice that the financial statements will be made available at no cost upon request from any resident or taxpayer.

**7. Input from Departments/Sources:**

N/A

**8. Strategic Priorities:**

N/A

**9. Attachments:**

Attachment 1 – Year End Communication from Deloitte LLP  
Attachment 2 – Draft Consolidated Financial Statements



## **The Corporation of the Town of Whitby** Report on the results of the 2023 audit

To be presented on August 12, 2024



July 29, 2024

## Private and confidential

To the Members of the Audit Committee of the Corporation of the Town of Whitby  
575 Rossland Road  
Whitby ON L1N 2M8

## Report on audited annual consolidated financial statements

We are pleased to submit this report on the status of our audit of the consolidated financial statements (the “financial statements”) of the Corporation of the Town of Whitby (the “Town”) for the fiscal year ended December 31, 2023. This report summarizes the scope of our audit, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our Engagement Letter dated January 4, 2024, we have performed an audit of the financial statements of the Town as at, and for the year ended December 31, 2023, in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”) and expect to issue our Independent Auditor’s Report thereon upon completion of outstanding matters highlighted in this report, and upon approval of the financial statements by yourself.

This report is intended solely for the information and use of Council, management and others within the Town and is not intended to be, and should not be, used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from employees of the Town with whom we worked to discharge our responsibilities.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

Chartered Professional Accountants  
Licensed Public Accountants

# Table of contents

Executive summary	1
Significant audit risks and events	3
Significant accounting policies, judgments, and estimates	5
Appendix 1 – Communication requirements and other reportable matters	6
Appendix 2 – Independence letter	8
Appendix 3 – Draft management representations letter	10
Appendix 4 – New and revised canadian public sector accounting standards	16

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# Executive summary



## Audit scope and terms of engagement

We have been engaged to perform an audit of the Town’s consolidated financial statements (the “financial statements”) prepared in accordance with Canadian Public Sector Accounting Standards as at and for the year ended December 31, 2023. Our audit was conducted in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”).

The terms and conditions of our engagement are described in the Engagement Letter dated January 4, 2024.

We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.



## Significant audit risks

- 1 Revenue recognition
- 2 Management override of controls



## Uncorrected misstatements

\$5.60 Mil

Materiality

\$280,000

Clearly trivial threshold

Materiality levels are determined on the basis of total expenses. Our materiality for the year ended December 31, 2023 was \$5,600,000 (2022 - \$5,170,000). Uncorrected misstatements identified were nil.



## Outstanding matters & next steps

**Completion** of certain audit procedures and documentation

**Receipt** of signed management representations letter

**Receipt** of legal letters

**Completion** of our subsequent events procedures



## Highlights

**No changes** in the significant risks identified.

**Engaged** with the Town on various accounting matters, including assistance with preparation of financial statements

**Communicated** with management throughout the fiscal year.



### Going concern

Management has completed its assessment of the ability of the Town to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Town's ability to continue as a going concern. We agree with management's assessment.



### Results

We intend to issue an unmodified audit report on the financial statements of The Corporation of the Town of Whitby for the year ended December 31, 2023 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Town.

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# Significant audit risks and events

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

## Significant audit risks

### Management override of controls

Analysis of risk	Audit response and results
<p>Assurance standards include the presumption of a significant risk of management override of controls. Management is in a unique position to perpetrate fraud because of management’s ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.</p>	<ul style="list-style-type: none"> <li>• We engaged in periodic fraud discussions with certain members of senior management, and others</li> <li>• We considered the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates</li> <li>• We evaluated the business rationale for any significant unusual transactions</li> <li>• We evaluated the Town’s fraud risk assessment and consider entity-level internal controls and internal controls over the closing and reporting process</li> <li>• We tested journal entries that exhibit characteristics of possible management override of controls, identified using manual techniques</li> </ul>

### Revenue recognition

Analysis of risk	Audit response and results
<p>Assurance standards include the presumption of a fraud risk involving improper revenue recognition. (Grants, restricted funds earned, income for government business enterprise, donations and contributions from developers and related deferred amounts).</p>	<ul style="list-style-type: none"> <li>• We tested the design and implementation of controls in these revenue streams and perform substantive analytic procedures and detailed testing in these areas</li> <li>• We performed substantive testing to determine if restricted grants/contributions (i.e., development charges, gas tax, etc.) and government transfers have been recognized as revenue in the appropriate period</li> </ul>

**Adoption of new PSAS accounting standards**

**Asset retirement obligations and financial instruments**

Analysis of risk	Audit response and results
<p>In fiscal 2023, two new accounting standards, PS 3280 Asset retirement obligations ("ARO") and PS 3450 Financial instruments, came into effect. The Town has worked on preparing for the adoption of both standards, including development of accounting policies, gathering information from various Town departments, and developing go-forward processes for policy maintenance.</p>	<ul style="list-style-type: none"> <li>• We discussed with management the implementation plan for the new standards, as well as the reasonability of judgments and estimates made.</li> <li>• We ensured processes and judgements made were properly documented and substantiated.</li> <li>• We reviewed the disclosure of the first-time adoption in the financial statements, including introduction of new accounting policy notes and financial statement presentation.</li> <li>• We performed audit procedures to test completeness, accuracy and existence of ARO liabilities by testing a sample of inputs and assumptions made by management and cross-referencing ARO liabilities to fixed asset registers.</li> </ul>

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# Significant accounting policies, judgments, and estimates

## Accounting policies

In the current year, the Town did not change any significant accounting policies, or adopt any new accounting standards.

In our judgment, the significant accounting practices and policies, selected and applied by management are, in all material respects, acceptable under PSAS and are appropriate to the particular circumstances of the Town.

## Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2023, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies, except for the adoption of PS 3280 Asset Retirement Obligations, PS 3450 Financial Instruments, PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, and PS 3041 Portfolio Investments in the current year (as disclosed in FS Note 2).

# Appendix 1 – Communication requirements and other reportable matters

Required communication	Refer to this report or document described below
<b>Audit service plan</b>	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Engagement letter dated January 4, 2024.
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit</li> </ul>	Audit service plan.
3. Significant transactions outside of the normal course of business, including related party transactions	None noted.
<b>Year end communication</b>	
4. Fraud or possible fraud identified through the audit process	None noted.
5. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting practices, judgements and estimates section.
6. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	None noted.
7. Matters related to going concern	None noted – refer to Executive summary.
8. Consultation with other accountants	Management has informed us that the Town has not consulted with other accountants about auditing or accounting matters.
9. Management judgments and accounting estimates	Significant accounting practices, judgements and estimates section.
10. Significant difficulties, if any, encountered during the audit	None.
11. Material written communications between management and us, including management representation letters	Engagement letter dated January 4, 2024, Management representation letter – Appendix 3.
12. Circumstances that affect the form and the content of the auditor’s report	Engagement letter dated January 4, 2024.



Required communication	Refer to this report or document described below
13. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
14. Modifications to our opinion	None.
15. Other significant matters discussed with management	None.
16. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including Illegal or possibly illegal acts that come to our attention	None.
17. Litigation	Existing litigation matters have been adequately disclosed in the financial statements.
18. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	No deficiencies to report.
19. Uncorrected misstatements and disclosure items	In accordance with Canadian GAAS, we request that all misstatements be corrected. There were no uncorrected misstatements or uncorrected disclosure misstatements.
20. Changes to the audit plan	The audit was conducted in accordance with our audit plan. We confirm that there have been no significant amendments to the audit scope and approach in the audit plan.
21. Concerns regarding management competence and integrity	We have not determined any concerns regarding management competence and integrity.
22. Disagreements with management	In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
23. Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post-balance sheet events.
24. Reliance on service organizations	None noted.
25. Other significant matters arising from the audit	None noted.

# Appendix 2 – Independence letter



Deloitte LLP  
Bay Adelaide East  
8 Adelaide Street West  
Suite 200  
Toronto ON M5H 0A9  
Canada

July 29, 2024

Tel: 416-601-6150  
Fax: 416-601-6151  
www.deloitte.ca

## Private and confidential

The Members of the Audit Committee  
The Corporation of the Town of Whitby  
575 Rossland Road East  
Whitby ON L1N 2M8

Dear Members:

We have been engaged to audit the consolidated financial statements of the Corporation of the Town of Whitby (the "Town") for the year ended December 31, 2023.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Town, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

We have considered relevant rules and related interpretations prescribed by the appropriate provincial institute/ordre and applicable legislation, covering such matters as:

- A. Holding a financial interest, either directly or indirectly, in a client
- B. Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
- C. Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
- D. Economic dependence on a client and
- E. Provision of services in addition to the audit engagement

We confirm to you that the engagement team and others in the Firm as appropriate, the Firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since November 21, 2023, the date of our last letter.

We are not aware of any relationships between the Deloitte Entities and the Town and its affiliates, or persons in financial reporting oversight roles at the Town and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from November 21, 2023 to July 29, 2024

We hereby confirm that we are independent with respect to the Town in accordance with the Rules of Professional Conduct of Chartered Professional Accountants of Ontario as of July 29, 2024

This letter is intended solely for the information and use of the audit committee, Council, management, and others within the Town and is not intended to be and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting on August 12, 2024

Yours truly,

Chartered Professional Accountants  
Licensed Public Accountants

Draft

# Appendix 3 – Draft management representations letter

[Company Letterhead]

August xx, 2024

Deloitte LLP  
8 Adelaide Street West  
Suite 200  
Toronto ON M5H 0A9

**Subject: Consolidated financial statements of the Town of Whitby, financial statements of the Town of Whitby Groveside Cemetery Board, the financial statements of the Corporation of the Town of Whitby Trust Funds for the year ended December 31, 2023**

Dear Mr. Steve Stewart:

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the consolidated financial statements of the Corporation of the Town of Whitby, the financial statements of the Town of Whitby Groveside Cemetery Board, and the financial statements of the Corporation of the Town of Whitby Trust Funds (the “Town” or “we” or “us”) as of and for the year ended December 31, 2023, the notes to the consolidated financial statements and a summary of significant accounting policies (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Town in accordance with Canadian public sector accounting standards as it relates to the Consolidated financial statements of the Town, and in accordance with Canadian accounting standards for not-for-profit organizations (hereinafter referred to as the “applicable framework”)

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the Engagement Letter between the Town and Deloitte dated January 4, 2024 for the preparation of the Financial Statements in accordance with the applicable framework. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Town as at December 31, 2023 and the results of its operations and cash flows for the year then ended in accordance with the applicable framework.

2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with the applicable framework, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with the applicable framework. The Town has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with the applicable framework and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2023 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
4. We have completed our review of events after December 31, 2023 and up to the date of this letter.
5. The Financial Statements are free of material errors and omissions.

### Internal controls

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

### Information provided

8. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and,
  - d. All minutes of the meetings of council and committees of council, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant council and committee actions are included in the summaries.
9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.

10. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.
11. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Town.
12. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies in financial reporting practices which have been provided to you. There are also no known or possible instances of non-compliance with the requirements of regulatory or governmental authorities.
13. We have disclosed to you the identities of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.

### Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

14. Prior to the Town having any substantive employment conversations with a former or current Deloitte engagement team member, the Town has held discussions with Deloitte and obtained approval from Council.
15. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by Council in accordance with its established approval policies and procedures.

### Other matters

Except where otherwise stated below, immaterial matters less than \$280,000 as it relates to the consolidated financial statements of the Town, \$1,150 as it relates to the financial statements of the Groveside Cemetery Board, and \$2,450 as it relates to the Corporation of the Town of Whitby Trust Funds collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

16. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
17. The Town has identified all related parties in accordance with Section PS 2200, Related Party Disclosures ("PS 2200"). Management has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.
18. There are no instances of identified or suspected noncompliance with laws and regulations.

19. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with the applicable framework.
20. All events subsequent to the date of the Financial Statements and for which the applicable framework requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
21. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
22. We have disclosed to you, and the Town has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
23. The Town has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

### Plans or intentions affecting carrying value/classification of assets and liabilities

24. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

### Notes, loans and receivables

25. The Town is responsible for determining the appropriate carrying amount of notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.

### Environmental liabilities/contingencies

26. We have considered the effect of environmental matters on the Town and have disclosed to you all liabilities, provisions or contingencies arising from environmental matters. All liabilities, provisions, contingencies and commitments arising from environmental matters, and the effect of environmental matters on the carrying values of the relevant assets are recognized, measured and disclosed, as appropriate, in the Financial Statements.

### Employee future benefits

27. Employees future benefit costs, assets, and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances
28. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.

29. If applicable the following have been properly recorded and adequately disclosed and presented in the Financial Statements:
- a. losses arising from sale and purchase commitments
  - b. agreements to buy back assets previously sold
  - c. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
  - d. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
  - e. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.
  - f. provisions for future removal and site restoration costs
  - g. all impaired loans receivable
30. We have reviewed and approved the year-end adjusting entries, including all related supporting schedules, and the financial statements and acknowledge our responsibility for their accuracy. While discharging our responsibility we may have requested your assistance or input in certain areas such as:
- a. Recording of transactions for which we have determined or approved the appropriate account classification
  - b. Posting transactions to the general ledger
  - c. Preparing financial statements
  - d. Posting journal entries to the trial balance
  - e. Performing non-custodial payroll services, and
  - f. Preparing taxation returns.

We acknowledge our responsibility for the above listed items and confirm that we have authorized, reviewed and approved all of the above items.

### Investments

31. The Town does not hold any investments in Master Asset Vehicle notes (which replaced third party non-bank asset backed commercial paper).

### Asset retirement obligations

32. The Town has made the accounting policy choice to apply CPA Canada Public Sector Accounting Handbook Section PS 3280, Asset Retirement Obligations using prospective application in accordance with paragraphs PS 3280.72-73. We have applied Section PS 3280 on a prospective basis with no restatement of prior year comparative amounts.

### Financial instruments

33. The Town has properly classified all financial instruments in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3450, Financial Instruments (“Section PS 3450”). Specifically, all financial instruments are classified as fair value, cost or amortized cost.



34. The Town has properly identified all financial contracts that meet the definition of a derivative in Section PS3450. The Region has also properly identified all embedded derivatives included in other non-derivative contracts and determined whether these embedded derivatives need to be separately accounted for as described in Section PS 3450.

Yours truly,

**The Corporation of the Town of Whitby**

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Brittany Gray – Interim Senior Manager, Treasury Services

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Fuwing Wong – Commissioner, Financial Services & Treasurer

Draft

# Appendix 4 – New and revised canadian public sector accounting standards

The following is a summary of certain new or revised accounting standards that will become effective in fiscal 2024 and beyond.

## Canadian Public Sector Accounting Standards

Topic	Description	Effective Date
<b>Section PS 3160 – Public Private Partnerships</b>	This Section establishes standards on how to account for public private partnership arrangements.	Effective for fiscal years beginning on or after April 1, 2023.
<b>Section PS 3400 - Revenue</b>	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.	Effective for fiscal years beginning on or after April 1, 2023.
<b>Guidelines PSG 8 – Purchased Intangibles</b>	This new Guideline explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000.	Effective for fiscal years beginning on or after April 1, 2023.

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Consolidated financial statements of  
The Corporation of the Town  
of Whitby

December 31, 2023

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Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-26
Schedule 1 - Consolidated schedule of segmented disclosure	27

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## Independent Auditor's Report

To the Members of Council of  
The Corporation of the Town of Whitby

### Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Whitby (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the consolidated 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Town'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 Town'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 Town 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town 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.

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

Chartered Professional Accountants  
Licensed Public Accountants  
[DATE]

**The Corporation of the Town of Whitby**  
**Consolidated statement of financial position**  
As at December 31, 2023

	Notes	2023 \$	2022 \$
<b>Financial assets</b>			
Cash		<b>116,276,094</b>	93,690,071
Investments	5	<b>316,188,085</b>	315,164,758
Taxes receivable	6	<b>29,951,075</b>	20,538,191
Accounts receivable		<b>28,033,159</b>	22,907,521
Long term note receivable	7	<b>5,919,453</b>	6,065,473
Investment in Government Business Enterprise	20	<b>82,213,839</b>	84,169,143
Promissory note receivable	20	<b>28,337,942</b>	28,337,942
		<b>606,919,647</b>	570,873,099
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>39,694,564</b>	30,786,319
Other current liabilities		<b>20,180,377</b>	18,831,120
Long term debt	8	<b>15,529,000</b>	16,343,000
Deferred revenue	9	<b>257,815,330</b>	256,315,067
Liability for contaminated sites	10	<b>4,490,000</b>	4,490,000
Employee future benefits liabilities	11	<b>14,227,900</b>	13,440,882
Asset retirement obligations	22	<b>4,631,264</b>	—
		<b>356,568,435</b>	340,206,388
Net financial assets		<b>250,351,212</b>	230,666,711
<b>Non-financial assets</b>			
Tangible capital assets	12 and 24	<b>735,084,236</b>	717,442,859
Prepaid expenses		<b>1,406,898</b>	1,399,296
Inventory of supplies		<b>827,744</b>	713,522
		<b>737,318,878</b>	719,555,677
Accumulated surplus	13	<b>987,670,090</b>	950,222,388

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

Approved by the Board

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**The Corporation of the Town of Whitby**  
**Consolidated statement of operations**  
Year ended December 31, 2023

	Notes	Budget \$	2023 Actual \$	2022 Actual \$
		<b>(Note 15)</b>		
<b>Revenue</b>				
Taxation		120,171,306	122,105,537	112,077,550
User fees and charges		27,489,133	25,809,425	23,920,973
Grants		1,001,319	1,776,251	1,568,880
Developer and other contributions earned	9 and 17	41,047,192	25,597,219	47,072,067
Canada Community Building Fund	9	5,709,330	3,692,418	2,747,490
Investment income (loss)		2,075,265	17,717,673	(7,452,252)
Fines, penalties and interest		3,533,189	4,660,825	3,701,773
Licenses and permits		1,090,828	1,331,742	2,214,587
Rents and other		1,179,465	2,404,832	2,748,118
Net earnings, Government Business Enterprise	20	3,400,000	1,600	6,778,880
		<b>206,697,027</b>	<b>205,097,522</b>	195,378,066
<b>Expenses (Schedule 1)</b>				
General government		37,813,098	40,117,652	29,880,446
Protection to persons and property		32,848,273	34,495,667	32,233,812
Transportation services		47,750,060	43,417,240	44,614,837
Environmental services		8,181,448	6,833,876	7,230,085
Recreation and cultural services		38,246,257	37,618,208	34,264,743
Planning and development		5,724,788	3,718,215	4,791,726
Social and family services		1,636,970	1,448,962	1,307,239
		<b>172,200,894</b>	<b>167,649,820</b>	154,322,888
Annual surplus		34,496,133	37,447,702	41,055,178
Accumulated surplus, beginning of year		950,222,388	950,222,388	909,167,210
<b>Accumulated surplus, end of year</b>		<b>984,718,521</b>	<b>987,670,090</b>	950,222,388

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



**The Corporation of the Town of Whitby**

**Consolidated statement of change in net financial assets**

Year ended December 31, 2023

Notes	Budget \$	2023 Actual \$	2022 Actual \$
	<b>(Note 15)</b>		
<b>Annual surplus</b>	<b>34,496,133</b>	<b>37,447,702</b>	41,055,178
Acquisition of tangible capital assets	<b>(164,854,874)</b>	<b>(42,417,082)</b>	(64,439,993)
Adjustment for first time adoption of PSAS 3280, Asset Retirement Obligations	—	<b>(4,771,330)</b>	—
Amortization of tangible capital assets	<b>27,661,000</b>	<b>29,028,568</b>	26,908,091
Write down/disposal of tangible capital assets	—	<b>518,467</b>	3,491,073
	<b>(102,697,741)</b>	<b>19,806,325</b>	7,014,349
(Increase) decrease in prepaid expenses	—	<b>(7,602)</b>	204,012
Increase in inventory of supplies	—	<b>(114,222)</b>	(11,440)
Change in net financial assets	<b>(102,697,741)</b>	<b>19,684,501</b>	7,206,921
Net financial assets, beginning of year	<b>250,351,212</b>	<b>230,666,711</b>	223,459,790
<b>Net financial assets, end of year</b>	<b>147,653,471</b>	<b>250,351,212</b>	230,666,711

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

**The Corporation of the Town of Whitby**  
**Consolidated statement of cash flows**  
Year ended December 31, 2023

	Notes	2023 \$	2022 \$
<b>Operating activities</b>			
Annual surplus		<b>37,447,702</b>	41,055,178
Items not involving cash			
Amortization	12	<b>29,028,568</b>	26,908,091
Write down/disposal of tangible capital assets	12	<b>518,467</b>	3,491,073
Net earnings of Government Business			
Enterprise	20	<b>(1,600)</b>	(6,778,880)
Changes in non-cash assets and liabilities			
Taxes receivable		<b>(9,412,884)</b>	(5,830,113)
Accounts receivable		<b>(5,125,638)</b>	534,942
Inventory of supplies		<b>(114,222)</b>	(11,440)
Prepaid expenses		<b>(7,602)</b>	204,012
Accounts payable and accrued liabilities		<b>8,908,245</b>	1,711,865
Other current liabilities		<b>1,349,257</b>	10,234,155
Deferred revenue		<b>1,500,263</b>	10,989,817
Liability for contaminated sites		—	934,000
Employee future benefits liabilities		<b>787,018</b>	787,437
Asset retirement obligation		<b>(140,066)</b>	—
		<b>64,737,508</b>	84,230,137
<b>Capital activity</b>			
Acquisition of tangible capital assets	12	<b>(42,417,082)</b>	(64,439,993)
<b>Financing activity</b>			
Repayment of long-term debt	8	<b>(814,000)</b>	(806,000)
<b>Investing activities</b>			
Net changes in investments		<b>(1,023,327)</b>	(26,101,046)
Collection of notes receivable	7	<b>146,020</b>	142,304
Dividends from Government Business Enterprises	20	<b>1,956,904</b>	3,014,859
		<b>1,079,597</b>	(22,943,883)
Change in cash during the year		<b>22,586,023</b>	(3,959,739)
Cash, beginning of year		<b>93,690,071</b>	97,649,810
<b>Cash, end of year</b>		<b>116,276,094</b>	93,690,071

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

## **1. Significant accounting policies**

The consolidated financial statements of The Corporation of the Town of Whitby (the "Town") are the representations of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

### *(a) Reporting entity*

#### *(i) Consolidated financial statements*

These consolidated financial statements reflect the assets, liabilities, accumulated surplus, revenues, expenses and annual surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees which are controlled by the Town, including the following:

- Town of Whitby Public Library Board;
- Groveside Cemetery Board; and
- Downtown Whitby Business Improvement Area.

All material inter-entity transactions and balances are eliminated on consolidation with the exception of transactions/balances with Government Business Enterprise (Note 1(a) (ii)).

#### *(ii) Investment in Government Business Enterprise*

The Town's investment in Elexicon Corporation is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, Elexicon Corporation's accounting policies are not adjusted to conform to those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual earnings or loss of Elexicon Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Dividends that the Town may receive from Elexicon Corporation and other capital transactions are reflected as adjustments in the investment asset account.

#### *(iii) Accounting for region and school board transactions*

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

#### *(iv) Trust funds*

Trust funds and their related operations administered by the Town are not consolidated but are reported separately on the "Trust Funds Statement of Financial Activities and Change in Fund Balance" and the "Trust Funds Statement of Financial Position".

### *(b) Basis of accounting*

#### *(i) Revenues and expenses*

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

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

*(b) Basis of accounting (continued)*

*(i) Revenues and expenses (continued)*

*Tax revenue*

Tax revenue is recognized on all taxable properties within the Town included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Town as it relates to supplementary or omitted assessments using tax rates authorized by Council for the Town's own purposes in the period for which the tax is levied.

*(ii) 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 instrument.

Financial instrument	Measurement method
Cash	Cost
Investments	Cost
Taxes receivable	Cost
Accounts receivable	Cost
Long term note receivable	Amortized cost
Accounts payable and accrued liabilities	Cost
Long term debt	Amortized cost

Financial instruments recognized at amortized cost are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

*(iii) 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.

*Tangible capital assets*

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

	<u>Useful life-years</u>
Land improvements	10–20
Building and building improvements	10–50
Vehicles, machinery and equipment	5–20
Stormwater management	15–75
Road infrastructure	<u>25–50</u>

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

*(b) Basis of accounting (continued)*

*(iii) Non-financial assets (continued)*

*Tangible capital assets (continued)*

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

*Contribution of tangible capital assets*

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

*Interest capitalization*

The Town's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

*(iv) Deferred revenue – obligatory reserve funds*

Deferred revenue – obligatory reserve funds represents development charge contributions, payments in lieu of parkland, building code net revenues, and Federal/Provincial grants such as Invest in Ontario and Canada Community-Building Fund (formally Federal gas tax). These amounts have been collected/collectible but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the related services are performed.

*(v) Deferred revenue – general*

Deferred revenue – general represents user fees and charges, which have been collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the related services are performed.

*(vi) Employee future benefits liabilities*

The present value of the cost of providing employees with future benefits programs is recognized as employees earn these entitlements through service.

*(vii) Asset retirement obligations*

Asset retirement obligations (ARO's) are provisions for legal obligations for the retirement of the Township's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- (a) there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

The Town recognizes asset retirement obligations in the period in which it incurs a statutory, contractual, or legal obligation associated with the retirement of tangible capital assets resulting from acquisition, construction, development, and or normal operation of tangible capital assets.

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

*(b) Basis of accounting (continued)*

*(vii) Asset retirement obligations (continued)*

The liabilities are measured initially at management's best estimate of the cost required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated retirement costs are capitalized and amortized on the same basis as the related tangible capital asset. For assets that are no longer in productive use, the liability is expensed in the period.

In subsequent periods, the asset retirement obligations estimates are adjusted, if necessary, for changes in the liability estimate or timing of the future cash flows, as applicable. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between actual costs incurred and the liability, if any are recognized in the Consolidated Statement of Operations when remediation is complete.

*(viii) Government transfers*

Government transfers are recognized as revenues by the Town in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

*(ix) Reserves and reserve funds*

Certain amounts, as approved by Town Council are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

*(x) Liability for contaminated sites*

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the Town's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

*(xi) Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Significant estimates relate to taxes receivable, accounts receivable, employee future benefits liabilities, accounts payable and accrued liabilities, and contaminated sites. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. Adoption of New Accounting Standards**

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*, PSAS 3280 *Asset Retirement Obligations*.

PS 1201 - Financial Statement Presentation, PS 3041 - Portfolio Investments, PS 2601 - Foreign Currency Translation, and PS 3450 - Financial Instruments, are interdependent standards and require concurrent adoption. PS 1201 provides guidance and presentation requirements for financial statements and the inclusion of a new statement of remeasurement of gains and losses. PS 3041 has removed the distinction between temporary and portfolio investments and includes pooled investment funds within the standard's scope. PS 2601 requires that both monetary, and fair valued, non-monetary assets and liabilities, denominated in a foreign currency, be adjusted to reflect exchange rates in effect at the financial statement date. Any unrealized gains or losses will be recognized in the new statement of remeasurement of gains and losses. PS 3450 covers accounting and reporting of financial instruments, including derivatives. Unrealized gains and losses will be presented in the new statement of remeasurement of gains and losses.

The adoption of the new standards is applied prospectively, and comparative information has not been restated. A statement of remeasurement gains and losses has not been included as there are no unrealized gains or losses to report.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 using the prospective application method.

The adoption of this standard has been applied on a prospective basis with no restatement of prior year comparative amounts. The adoption of this standard has impacted the Town's consolidated financial statements as of January 1, 2023 by increasing the following balances:

	\$
Asset retirement obligations	4,771,331
Tangible capital assets	4,771,331

**3. Operations of School Boards and the Region of Durham**

Further to Note 1 ((a) iii), requisitions were made by the Region of Durham and School Boards requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts raised and remitted are summarized as follows:

	<b>School Boards</b> \$	<b>Region of Durham</b> \$	<b>2023 Total</b> \$	2022 Total \$
Taxation	<b>57,373,837</b>	<b>177,123,096</b>	<b>234,496,933</b>	223,869,951
Payment in lieu of taxes	<b>592,502</b>	<b>2,564,543</b>	<b>3,157,045</b>	2,939,674
Amounts raised and remitted	<b>57,966,339</b>	<b>179,687,639</b>	<b>237,653,978</b>	226,809,625

**4. Trust funds**

Trust funds administered by the Town amounting to \$1,693,972 (\$1,603,286 in 2022) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations". The trust funds have been reported separately on the "Trust Funds Statement of Financial Activities and Change in Fund Balance" and "Trust Funds Statement of Financial Position".

**5. Investments**

Investments include units in pooled investment funds with a cost of \$177,974,824 (\$163,711,321 in 2022), as well as portfolio investments in guaranteed investment certificates with a cost of \$138,213,261 (\$151,453,437 in 2022).

**6. Taxes receivable**

The balance in taxes receivable, including penalties and interest, is comprised of the following:

	<b>2023</b>	2022
	\$	\$
Current year	<b>16,049,031</b>	10,354,303
Arrears previous years	<b>13,902,044</b>	10,183,888
	<b>29,951,075</b>	20,538,191

**7. Long term note receivable**

The Town issued the Abilities Centre Durham a fixed rate term loan on June 1, 2021. The loan bears interest at 2.58% per annum and is repayable in monthly installments of principal and interest of \$25,066 over a period of 30 years. Continuity of the balance receivable is as follows:

	<b>2023</b>	2022
	\$	\$
Balance, beginning of year	<b>6,065,473</b>	6,207,777
Loan advanced		—
Principal payments received	<b>(146,020)</b>	(142,304)
Balance, end of year	<b>5,919,453</b>	6,065,473

Interest income in the amount of \$154,771 (\$158,488 in 2022) has been recognized on the consolidated statement of operations.



**8. Long term debt**

The Town has assumed responsibility for the payment of principal and interest charges on certain debt issued via the Regional Municipality of Durham, to fund Town capital infrastructure projects. The long-term debt reported on the consolidated statement of financial position include the following:

	<b>2023</b>	2022
	<b>\$</b>	\$
Long term debt, issued in 2018 in the amount of \$4,000,000, bears interest at rates ranging from 2.2%-3.35% and matures annually on September 14th of each year through 2038	<b>3,210,000</b>	3,376,000
Long term debt, issued in 2020 in the amount of \$14,250,000, bears interest at rates ranging from 0.45%-2.2% and matures annually on October 2nd of each year through 2040	<b>12,319,000</b>	12,967,000
	<b><u>15,529,000</u></b>	<u>16,343,000</u>

The following table outlines the principal and interest requirements on the long-term debt.

	Principal	Interest	Total
	\$	\$	\$
2024	823,000	301,683	1,124,683
2025	833,000	291,834	1,124,834
2026	843,000	280,970	1,123,970
2027	856,000	268,829	1,124,829
2028	868,000	255,673	1,123,673
Thereafter	<u>11,306,000</u>	<u>1,636,341</u>	<u>12,942,341</u>
	<u>15,529,000</u>	<u>3,035,330</u>	<u>18,564,330</u>

Interest expense in the amount of \$308,536 (\$320,510 in 2022) has been recognized on the consolidated statement of operations.

The above debt issued in the name of the Town has been approved by Council through by-law as required by legislation. The annual principal and interest payments required to service the long-term debt of the municipality are within the annual repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**9. Deferred revenue**

Deferred revenue represents user fees and charges and grants which have been collected or received but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the related services are performed. Deferred revenues balances are summarized as follows:

	<b>2023</b>	2022
	\$	\$
Obligatory reserve funds		
Development Charges Act	<b>183,299,740</b>	187,120,302
Subdivider Contributions	<b>15,579,322</b>	14,615,324
Parkland	<b>11,444,336</b>	9,149,755
Canada Community Building Fund	<b>22,053,235</b>	20,465,302
Building Code Act	<b>16,515,583</b>	15,551,588
Subtotal - Obligatory reserve funds	<b>248,892,216</b>	246,902,271
Deferred revenue – general	<b>8,923,114</b>	9,412,796
	<b>257,815,330</b>	256,315,067

The changes during the year in obligatory reserve funds which are reflected directly in the deferred revenue balance are analyzed as follows:

	Development Charges Act \$	Subdivider Contributions \$	Canada Community Building Fund \$	Parkland \$	Building Code Act \$	Total \$
Opening balance	<b>187,120,302</b>	<b>14,615,324</b>	<b>20,465,302</b>	<b>9,149,755</b>	<b>15,551,588</b>	<b>246,902,271</b>
Restricted fund						
received and receivable	<b>12,201,783</b>	<b>1,038,117</b>	<b>4,248,519</b>	<b>1,864,863</b>	<b>514,345</b>	<b>19,867,627</b>
Interest earned	<b>8,523,795</b>	<b>548,132</b>	<b>1,031,832</b>	<b>535,461</b>	<b>772,735</b>	<b>11,411,955</b>
Revenue recognized	<b>(24,546,140)</b>	<b>(622,251)</b>	<b>(3,692,418)</b>	<b>(105,743)</b>	<b>(323,085)</b>	<b>(29,289,637)</b>
Closing balance	<b>183,299,740</b>	<b>15,579,322</b>	<b>22,053,235</b>	<b>11,444,336</b>	<b>16,515,583</b>	<b>248,892,216</b>

**10. Liability for contaminated sites**

The Town has recorded an unfunded liability of \$4,490,000 (\$4,490,000 in 2022) for the estimated remediation costs associated with Town owned sites with identified contaminants in the soil. The liability estimate for the sites identified was based on an environmental assessment conducted by a third party engineering firm. At this time, the Town does not anticipate obtaining any recoveries in respect of the estimated liability.

## 11. Employee future benefits liabilities

The Town makes available to qualifying employees who retire before the age of 65, the opportunity to continue their coverage for such benefits as extended health and medication, dental care and life insurance. Coverage ceases at the age of 65. The accrued benefit liability and the expense for the year ended December 31, 2023, are based on the results and assumptions of an actuarial valuation as at December 31, 2023. The significant actuarial assumptions used in estimating the Town's related accrued benefit obligation are as follows:

Discount rate	4.2%
Inflation rate	2.0% per year
Dental benefit cost escalation	5.00% in 2023 reducing by 0.13% per year to 4.34% in 2033
Medical benefit cash escalation	5.97% in 2023 reducing by 0.33% per year to 4.34% in 2033

Information about the Town's post retirement benefit plan is as follows:

### *Accrued benefit liability*

	2023 \$	2022 \$
Accrued benefit obligation	<b>12,415,546</b>	17,817,435
Unamortized actuarial (gains)/loss	<b>1,812,354</b>	(4,376,553)
Employee future benefit liability	<b>14,227,900</b>	13,440,882

### *Expense*

	2023 \$	2022 \$
Current year benefit expense	<b>1,167,371</b>	1,111,147
Amortization of actuarial (gains)/losses	<b>503,940</b>	522,434
Interest on accrued benefit obligation	<b>530,807</b>	503,939
	<b>2,202,118</b>	2,137,520

## 12. Tangible capital assets

### (i) *Contributed tangible capital assets*

The Town records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are land, roadways, and storm sewer lines installed by a developer as part of a subdivision agreement. Transfer of tangible capital assets in 2023 amounted to \$nil (nil in 2022).

### (ii) *Tangible capital assets recognized at nominal value*

Certain assets have been assigned a nominal value of one Canadian dollar, because of the difficulty of determining a tenable valuation and/or the assets were older than their estimated expected useful lives, and therefore were fully amortized.

**12. Tangible capital assets (continued)**

*(iii) Works of art and historical treasures*

The Town applies efforts to protect and preserve a number of owned historical buildings, collections of equipment, artifacts, documents and exhibits and works of art. These assets are not held for financial gain or to provide service but rather for public exhibition, education or research in furtherance of public service. These historical treasures and works of art are not recognized as tangible capital assets in the financial statements. The acquisition or betterment of such assets is recognized in the financial statements as an operating expense.

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**12. Tangible capital assets (continued)**

(iv) Other

Nil interest was capitalized during the year (nil in 2022).

	Land \$	Land improvements \$	Building and building improvements \$	Vehicles, machinery and equipment \$	Stormwater management \$	Road infrastructure \$	Work in progress \$	2023 Total \$
<b>Cost</b>								
Balance, beginning of year	89,500,711	97,403,730	158,486,207	40,243,409	82,922,975	633,204,650	85,272,610	1,187,034,292
Adjustment for adoption of PSAS 3280, Asset retirement obligations	—	1,163,446	2,450,750	321,000	—	836,134	—	4,771,330
Additions	38,968	684,060	7,175,617	6,256,368	—	607,396	27,654,673	42,417,082
Work in progress completed	—	1,375,721	10,950,777	132,430	—	—	(12,458,928)	—
Write downs/disposals	—	(9,269)	(547,379)	(964,221)	—	(610,334)	—	(2,131,203)
Balance, end of year	89,539,679	100,617,688	178,515,972	45,988,986	82,922,975	634,037,846	100,468,355	1,232,091,501
<b>Accumulated amortization</b>								
Balance, beginning of year	—	44,483,188	81,641,770	26,145,559	22,424,440	294,896,476	—	469,591,433
Write downs/disposals	—	(9,269)	(547,379)	(948,676)	—	(107,412)	—	(1,612,736)
Amortization expense	—	2,674,019	6,763,866	3,511,524	1,108,103	14,971,056	—	29,028,568
Balance, end of year	—	47,147,938	87,858,257	28,708,407	23,532,543	309,760,120	—	497,007,265
Net book value, end of year	89,539,679	53,469,750	90,657,715	17,280,579	59,390,432	324,277,726	100,468,355	735,084,236

**12. Tangible capital assets (continued)**

(iv) Other (continued)

	Land \$	Land improvements \$	Building and building improvements \$	Vehicles, machinery and equipment \$	Stormwater management \$	Road infrastructure \$	Work in progress \$	2022 Total \$
<b>Cost</b>								
Balance, beginning of year	85,595,078	95,834,874	154,292,271	37,970,123	82,787,261	627,080,446	47,692,175	1,131,252,228
Additions	3,905,633	349,201	4,835,545	4,737,349	135,714	4,728,150	45,748,401	64,439,993
Work in progress completed	—	2,212,736	—	—	—	3,429,487	(5,642,223)	—
Write downs/disposals	—	(993,081)	(641,609)	(2,464,063)	—	(2,033,433)	(2,525,743)	(8,657,929)
Balance, end of year	89,500,711	97,403,730	158,486,207	40,243,409	82,922,975	633,204,650	85,272,610	1,187,034,292
<b>Accumulated amortization</b>								
Balance, beginning of year	—	42,504,627	77,499,532	25,163,818	21,317,267	281,364,954	—	447,850,198
Write downs/disposals	—	(738,850)	(641,609)	(2,257,626)	—	(1,528,771)	—	(5,166,856)
Amortization expense	—	2,717,411	4,783,847	3,239,367	1,107,173	15,060,293	—	26,908,091
Balance, end of year	—	44,483,188	81,641,770	26,145,559	22,424,440	294,896,476	—	469,591,433
Net book value, end of year	89,500,711	52,920,542	76,844,437	14,097,850	60,498,535	338,308,174	85,272,610	717,442,859

**13. Accumulated surplus**

Accumulated surplus consists of individual fund surplus, reserves and reserve funds and invested in tangible capital assets as follows:

	<b>2023</b>	2022
	<b>\$</b>	\$
General	<b>6,133,161</b>	6,648,711
Unfunded employee future benefits	<b>(14,227,900)</b>	(13,440,882)
Debenture recovery in future years	<b>(15,529,000)</b>	(16,343,000)
Unfunded liability for contaminated sites	<b>(4,490,000)</b>	(4,490,000)
Asset retirement obligation	<b>(4,631,264)</b>	—
Internal borrowings from deferred revenue	<b>(690,434)</b>	(989,280)
Unfunded capital	<b>(5,742,614)</b>	(2,840,537)
Equity in government business enterprise	<b>110,551,781</b>	112,507,085
Reserve and Reserve Funds	<b>181,212,124</b>	151,727,432
Invested in tangible capital assets	<b>735,084,236</b>	717,442,859
	<b>987,670,090</b>	950,222,388

*Internal borrowings from deferred revenue*

As a means of funding various infrastructure projects, funds were borrowed from Reserve Funds for growth-related infrastructure. The internal borrowings are repaid over a determined period of time. The financing arrangements and ultimate repayment are approved by Council through the current budget process. The following is a summary of the remaining balances related to internal borrowing:

	<b>2023</b>	2022
	<b>\$</b>	\$
Recreation and Cultural	<b>239,972</b>	270,956
Soccer Dome and Turf	<b>450,462</b>	718,324
	<b>690,434</b>	989,280

**14. Pension agreements**

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The Plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions paid to OMERS for the year were \$12,439,514 (\$12,384,160 in 2022).

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 value of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136.185 billion in respect of benefits accrued for service with actuarial assets at that date of \$131.983 billion indicating an actuarial deficit of \$4.202 billion. As 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 Town does not recognize any share of the OMERS pension surplus or deficit.

## 15. Budget figures

The 2023 budget adopted by Council was prepared on the traditional fund accounting basis. The financial statements are prepared on a full accrual basis of accounting. Accordingly, the approved 2023 budget figures were adjusted to a full accrual basis for the financial statements. Full accrual accounting adjustments include amortization expense on tangible capital assets and other capital adjustments, removing transfers from/to reserves, and recognition of post-employment benefits. Details of the adjustments to the 2023 approved budget, prepared on the fund accounting basis, to a full accrual accounting basis presentation in the Consolidated Financial Statements is as follows:

	Budget adopted by council \$	Adjust for consolidated entities \$	PSAS adjustments \$	2023 budget presented in statements \$
Taxation	120,171,306	—	—	120,171,306
User fees and charges	26,711,889	777,244	—	27,489,133
Developer and other contributions	41,047,192	—	—	41,047,192
Canada Community Building Fund Revenue recognized on contributed tangible capital assets	5,709,330	—	—	5,709,330
Other	155,468,992	512,924	(143,701,850)	12,280,066
	<b>349,108,709</b>	<b>1,290,168</b>	<b>(143,701,850)</b>	<b>206,697,027</b>
Expenses				
General government	41,793,515	(5,389,647)	(1,016,729)	35,387,139
Protection	32,539,990	—	308,283	32,848,273
Transportation	68,507,044	—	(20,756,984)	47,750,060
Environmental	9,804,473	—	(1,623,025)	8,181,448
Social and family	1,157,520	473,450	6,000	1,636,970
Recreation and culture	146,628,753	5,810,923	(114,193,419)	38,246,257
Planning and development	5,349,346	375,442	—	5,724,788
Interfund transfers	43,328,068	—	(40,902,109)	2,425,959
	<b>349,108,709</b>	<b>1,270,168</b>	<b>(178,177,983)</b>	<b>172,200,894</b>
Annual surplus	—	20,000	34,476,133	34,496,133

## 16. Contingent liabilities

### *Unsettled legal claims and potential other claims*

The Town has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable at this time and, accordingly, no provision has been made in these financial statements for any liability that may result.

## 17. Contractual obligations

The Town of Whitby has entered into a Development Charges Works Funding and Reimbursement Agreement with the West Whitby Landowners Group related to developer up-fronting of road infrastructure. Development charges are received from the West Whitby Landowners Group in accordance with the Town's Development Charges By-Law. Until July 2027, when any remaining amount of the road infrastructure costs are due, the Town will continue to use a portion of the Development Charges received from the West Whitby Landowners Group as reimbursement for the road infrastructure.



**17. Contractual obligations (continued)**

Development charge revenue is recognized as the West Whitby Landowners Group is reimbursed or a payable is established for the up-fronted infrastructure. In 2023, \$398,083 (\$15,014,415 in 2022) of development charge revenue and infrastructure assets (work-in-progress) was recognized related to this agreement.

The estimated value for the construction of infrastructure based on the Development Charges Works Funding and Reimbursement Agreement is \$31,079,000 (excluding indexing). To date, total revenue recognized, recorded as reimbursed or payable to the West Whitby Landowners Group, and recognized as Town infrastructure assets (work-in-progress) is \$30,814,794 (\$30,416,712 in 2022).

**18. Lease commitments**

The Town has commitments under building lease agreements for the Garden Street branch and office units expiring in 2025. The Town also has lease commitments for an urban space at 1010 Byron Street South, expiring in 2024. Future minimum lease payment obligations under operating leases are as follow:

	\$
2024	309,426
2025	113,928
2026	—
	<u>423,354</u>

**19. Guarantees**

The Town’s primary guarantees 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 counterparties 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 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 covered 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.

**20. Investment in government business enterprise**

(a) *Equity in Elexicon Corporation*

Elexicon Corporation, as a government business enterprise, is accounted for on the modified equity basis in these financial statements. Elexicon Corporation serves as the electrical distribution utility for a number of communities including the Town of Whitby, Town of Ajax, City of Pickering, City of Belleville and the Municipality of Clarington, and conducts non-regulated utility service ventures through its subsidiaries. The following table provides condensed supplementary consolidated financial information for the corporation and its subsidiaries for the year ended December 31. The amounts are disclosed in thousands of dollars:

	2023 \$	2022 \$
<b>Assets</b>		
Current	<b>116,654</b>	106,273
Capital and intangibles	<b>720,727</b>	661,146
Other	<b>708</b>	1,505
Total assets	<b>838,089</b>	768,924
Regulatory balances	<b>56,310</b>	58,573
Total assets and regulatory balances	<b>894,399</b>	827,497
<b>Liabilities</b>		
Current	<b>172,106</b>	313,840
Long-term debt	<b>253,465</b>	89,209
Other	<b>200,678</b>	151,541
Total liabilities	<b>626,249</b>	554,590
<b>Shareholders' equity</b>		
Share capital	<b>97,692</b>	97,692
Contributed capital	<b>25</b>	25
2019 Contributed surplus	<b>79,301</b>	79,301
Accumulated other comprehensive loss	<b>2,511</b>	3,130
Retained earnings	<b>77,239</b>	82,730
Total equity	<b>256,768</b>	262,878
Regulatory balances	<b>11,382</b>	10,029
Total liabilities, equity and regulatory balances	<b>894,399</b>	827,497
<b>Comprehensive income</b>		
Commodity revenue	<b>421,522</b>	430,139
Commodity expenses	<b>(412,905)</b>	(434,592)
Distribution revenue	<b>97,459</b>	84,574
Operating expenses	<b>(82,206)</b>	(75,016)
Other expense	<b>(19,631)</b>	909
Accumulated other comprehensive loss	<b>(619)</b>	4,387
Net movements in regulatory balances, net of tax	<b>(3,615)</b>	10,783
Total comprehensive income for the year	<b>5</b>	21,184

**20. Investment in government business enterprise (continued)**

*(a) Equity in Elexicon Corporation (continued)*

The continuity of the Town's equity in Elexicon Corporation is as follows:

	<b>2023</b>	2022
	\$	\$
Balance, beginning of year	<b>112,507,085</b>	108,743,064
Change in valuation of investment		—
Equity share of net earnings for the year	<b>1,600</b>	6,778,880
Dividend received	<b>(1,956,904)</b>	(3,014,859)
Balance, end of year	<b>110,551,781</b>	112,507,085

The Town's equity investment in Elexicon at year end is represented in the Statement of financial position as follows:

	<b>2023</b>	2022
	\$	\$
Investment in Elexicon Corporation	<b>82,213,839</b>	84,169,143
Promissory note receivable (19 (b))	<b>28,337,942</b>	28,337,942
	<b>110,551,781</b>	112,507,085

*(b) Promissory note receivable*

The promissory note receivable of \$28,337,942 previously owed by Whitby Hydro was assumed by Elexicon Corporation on amalgamation, amended and restated, and form part of the investment in the government business enterprise. Interest revenue earned totaled \$1,170,357 (\$1,170,357 in 2022).

Commencing April 1, 2019, for a ten-year period, interest on the note will be determined based on the deemed long-term interest rate prescribed by the Ontario Energy Board in its most recent cost of capital parameter update ("OEB rate"). As of April 1, 2019, the OEB rate was determined at 4.13%.

On the tenth year anniversary of the note, the interest rate will be adjusted to the OEB rate in effect at that time. Thereafter, the interest rate will be adjusted to the OEB rate in effect at the earlier of:

- (i) The five-year anniversary of the most recent interest rate adjustment of these notes, and
- (ii) The date on which Elexicon Energy Inc. files a cost-of-service application with the Ontario Energy Board.

The Town may demand full or partial repayment with sixty days' notice of the principal and accrued interest. The Town has agreed not to demand repayment of the notes prior to December 31, 2023.

**20. Investment in government business enterprise (continued)**

(c) *Contingencies and guarantees of Elexicon Corporation (the "Corporation") as disclosed in their financial statements are as follows*

(i) *Insurance claims*

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE") which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE provides general liability insurance to member electric utilities. MEARIE also provides vehicle and property insurance to the Corporation.

(ii) *Contractual obligation - Hydro One Networks Inc.*

The Corporation's subsidiary, Elexicon Energy Inc. ("EEI"), is party to a connection and cost recovery agreement with Hydro One related to the construction by Hydro One of a transformer station designated to meet VCI's anticipated electricity load growth. Construction of the project was completed during 2007 and VCI connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenues, EEI is obliged to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to EEI. The construction costs allocated to EEI for the project are \$19,950,000.

Hydro One has performed a true-up based on actual load at the end of the tenth anniversary of the in-service date and is expected to perform another true-up based on actual load at the end of the fifteenth anniversary of the in-service date.

(iii) *Prudential Support*

Purchasers of electricity in Ontario, through the Independent Electricity System Operator ("IESO"), are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. The Corporation has provided a \$64,000,000 guarantee to the IESO on behalf of EEI.

(iv) *General claims*

From time to time, the Corporation is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Corporation's consolidated financial position and results of operations or cash flows.

(d) *Lease commitments*

Future minimum non-cancellable lease payment obligations under finance leases are as follows:

	\$
2024	124,000
2025	95,000
2026	71,000
2027	44,000
	<u>334,000</u>

## **21. Segmented information**

The Town provides a wide range of services to its residents.

Segmented information has been provided in Schedule 1 for the following Town Services:

- Protection to persons and property

Protection is comprised of Fire Services and Municipal Law Enforcement and Licensing Services ("MLELS"). Fire Services is responsible to provide fire suppression, fire prevention, education, planning and emergency incident services to the Town of Whitby. MLELS is responsible for the investigation and enforcement of various municipal by-laws relating to property standards, lot maintenance, zoning, signs, noise, parking and animal services.

- Transportation and Environmental Services

The majority of Transportation Services are provided by the Operational Services and Engineering Services. The primary responsibilities include inspection and maintenance of the Town roads, sidewalks and storm drainage networks, traffic engineering, transportation planning, streetlights, road and sidewalk snow clearing and winter control.

Environmental Services are provided by Operational Services and Engineering Services. Responsibilities include sustaining the quality of life for the residents of the Town of Whitby through the collection of organics and residual waste, and monitoring and administering of environmental programs.

- Recreation and Culture

Recreation Services provides public services that contribute to neighbourhood development and sustainability, the provision of recreation and leisure services, such as fitness, skating and aquatic program, and the support of arts and culture. Operational Services provide the maintenance, improvement and beautification of parks and trails. This segment includes the Whitby Public Library which provides facilities and materials to meet the informational, educational recreational and culture needs of the Town's residents.

- Planning and Development

Development Services manages urban and rural development, local neighborhood planning, community development and heritage matters. It ensures an acceptable quality of building construction and maintenance of properties. Development Services also develops and maintains the Town's Official Plan and Zoning By-laws and amendments.

- General Government and Social and Family Services

Financial Services, Organizational Effectiveness and the Office of the CAO are primarily responsible for the provision of internal services that support the work of Town Council, management and staff across all municipal departments as well as for the provision of external services to the public. These services are provided through the governance and corporate management divisions including Town Clerk, Technology and Innovation Services, Finance and Human Resources.

Social and Family Services include the Groveside Cemetery, which provides maintenance and administration of cemetery operations. Additionally, it ensures the benefit and protection of each citizen who has purchased or has an interest in interment rights within the cemetery.

Revenues and expenses directly attributable to each segment are reported by segment. Typically, general government expenses are incurred in support of all services. Similarly general government revenues including taxes are used to finance all activities of the Town. For purposes of segmented reporting general government revenues and expenses have not been allocated to the other services but rather are shown separately.

## 22. Asset Retirement Obligations

The Town's asset retirement obligations consist of the following:

Regulated substances

The Town owns and operates various tangible capital assets including buildings, roads, underground storage tanks, and leases that contain certain regulated substances requiring remediation upon decommissioning. The Canadian Environment Protection Act, 1999, governs the protection of the environment and human health with respect to regulated substances. In addition, the Canada Occupational Health and Safety Regulations also outlines requirements for exposure control, as well as requirements on disposal and decontamination of these regulated substances.

	Underground storage tanks	Leases	Regulated substances	2023
	\$	\$	\$	\$
Balance set up on adoption of PS 3280	321,000	1,163,446	3,286,884	4,771,330
Accretion expense	12,583	45,607	128,846	187,036
Asset Retirement Obligation settled during the year	—	—	(327,102)	(327,102)
Asset Retirement Obligation, end of year	<b>333,583</b>	<b>1,209,053</b>	<b>3,088,628</b>	<b>4,631,264</b>

## 23. Financial instruments

*Risks arising from financial instruments and risk management*

The Town is exposed to a variety of financial risks including credit risk and liquidity risk. The Town's overall risk management program seeks to minimize potential adverse effects on the Town's financial performance.

*Credit risk*

The Town's principal financial assets are cash, investments, taxes receivable and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Town's maximum credit exposure as at the Statement of Financial Position date.

*Liquidity Risk*

Liquidity risk is the risk that the Town will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Township manages its liquidity risk by monitoring its operating requirements, and prepares a budget to ensure that it has sufficient funds to fulfill obligations.

## 24. Prior Year Comparatives

Certain of prior years figures have been reclassified to conform with current years presentation.

**The Corporation of the Town of Whitby**

**Schedule 1 – Consolidated schedule of segmented disclosure**

Year ended December 31, 2023

	Protection to persons and property \$	Transportation and Environmental services \$	Recreation and culture \$	Planning and development \$	General government/ social and family services \$	Consolidated \$
<b>Revenue</b>						
Tax revenues	—	—	—	210,001	121,895,536	122,105,537
Grants	—	36,652	1,122,717	45,188	571,695	1,776,252
Developer contributions used	1,069,450	10,754,476	17,109,705	—	356,006	29,289,637
Other revenue	4,266,343	8,347,537	7,950,278	5,964,655	25,397,284	51,926,097
	<b>5,335,793</b>	<b>19,138,665</b>	<b>26,182,700</b>	<b>6,219,844</b>	<b>148,220,521</b>	<b>205,097,523</b>
<b>Expenses</b>						
Salaries and wages	28,321,634	17,173,283	22,328,235	3,796,934	23,677,340	95,297,426
Materials and supplies	998,406	9,402,113	4,872,027	(159,716)	8,462,206	23,575,036
Contracted services	3,753,419	4,276,520	3,413,137	68,774	3,874,295	15,386,145
Other	17,022	231,034	632,939	12,223	2,950,959	3,844,177
Loss on disposal of tangible capital assets	—	502,922	—	—	15,546	518,468
Amortization	1,405,186	18,665,244	6,371,870	—	2,586,268	29,028,568
	<b>34,495,667</b>	<b>50,251,116</b>	<b>37,618,208</b>	<b>3,718,215</b>	<b>41,566,614</b>	<b>167,649,820</b>
<b>Annual (deficit) surplus</b>	<b>(29,159,874)</b>	<b>(31,112,451)</b>	<b>(11,435,508)</b>	<b>2,501,629</b>	<b>106,653,907</b>	<b>37,447,703</b>

# Town of Whitby

## Staff Report

[whitby.ca/CouncilCalendar](http://whitby.ca/CouncilCalendar)



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### Report Title: Declare Surplus – A portion of Town-owned Lands at 150 Winchester Road West for a Conveyance to Elexicon

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**Report to:** Council

**Date of meeting:** August 12, 2024

**Report Number:** FS 35-24

**Department(s) Responsible:**

Financial Services Department

**Submitted by:**

Fuwing Wong, Commissioner, Financial Services & Treasurer

**Acknowledged by M. Gaskell,  
Chief Administrative Officer**

**For additional information, contact:**

Fuwing Wong, 905.430.4314

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#### 1. Recommendation:

1. That a portion of Block 232, Plan 40M-1966, subject to an easement over Part 10, Plan 40R-19041, as in LT902785; Town of Whitby, being a portion of PIN 26572-0369 (LT), (the “Property”) be declared surplus for the purpose of a conveyance to Elexicon Energy Incorporated (“Elexicon”);
2. That the Town provide public notice of its intention to declare the Property surplus and report back to Council on any written objections received, in accordance with Town Policy F-190; and,
3. That Council direct staff to negotiate an agreement with Elexicon on the Property disposition and report back to Council.

#### 2. Highlights:

- Elexicon approached the Town with a request that the Town convey the Property to Elexicon for the purpose of an electrical substation project that will enable the



construction of undeveloped lands within the Brooklin Community Secondary Plan.

- Subject to Council approval of this report, Town staff will:
  - Provide public notice and obtain written objections, if any, in accordance with Town’s Acquisition, Sale, or Other Disposition of Land Policy (“**Policy F 190**”). More details available in the “Communication and Public Engagement” section of this report.
  - Negotiate an agreement on the disposition of the property, including the form of disposition
  - Report back outlining any objections received and provide a recommendation to Council; and,
  - Report back on draft agreement terms.

### 3. Background:

The Town owns approximately 0.778 acres of land at 150 Winchester Road West (located adjacent to the storm water management pond at the north-east corner of Ashburn Road and Winchester Road West), legally described as: Block 232, Plan 40M-1966, subject to an easement over Part 10, Plan 40R19041, as in LT902785; Town of Whitby, being all of PIN 26572-0369 (LT), as outlined in **Attachment A** to this report.

The property, 150 Winchester Road West, was donated to the Town in 2006 and was the site of a new home sales office/showroom and temporary library location over the years. The original structure on the site was demolished and the parking lot was removed by the Town in 2018.

It is recommended that only the western portion of 150 Winchester Road West (described above), approximately 0.637 acres as outlined in red in **Attachment B** of this report (the “**Property**”), be declared surplus and conveyed to Elexicon.

Advancing approved and designated residential development in north Whitby has been a challenge due to the lack of electricity infrastructure and supply. This includes the majority of residential and supporting land uses in the approved Brooklin expansion Secondary Plan area. The lack of electricity / electrical infrastructure to service growth is currently the main barrier for the Town of Whitby to realize its [Provincial Housing Pledge](#), to facilitate the development of 18,000 homes in Whitby by 2031. Electricity challenges in Brooklin have also been identified as a barrier to the creation of housing units, to the Canadian Mortgage and Housing Corporation, for Housing Accelerator Fund targets.

Elexicon Energy Incorporated (“**Elexicon**”) is the local distribution corporation for electricity in Whitby and other municipalities. Elexicon is a subsidiary of Elexicon Corporation, which is wholly owned by the Towns of Whitby and Ajax, the Cities of Pickering and Belleville, and the Municipality of Clarington.

In April 2024, Elexicon expressed an interest in the Town-owned property at 150 Winchester Road West for the purposes of constructing an electrical substation that will enable the development of 2,000 to 5,000 new homes in the approved Brooklin Secondary Plan Area and improve system reliability in the community. According to

Elexicon, the Property has passed their high-level assessment for an electrical substation which is planned to be supplied by two (2) new 44 kV feeders currently going north on Ashburn Road and East on Winchester Road (Hwy 7). At this time, Elexicon is considering a fully enclosed electrical substation and provided an example of the enclosed “Lawler substation” shown in **Attachment C** to this report.

To complete a more detailed assessment, a Permission to Enter (“PTE”) Agreement was executed on July 22, 2024, allowing Elexicon and their consultants to conduct a site feasibility study. According to Elexicon, their consultants and contractors will be investigating the feasibility of building a new electrical substation at the Property over approximately four days between August 5 and 23, 2024. To expedite the process that will allow for the construction of the electrical substation / electrical infrastructure to support the 2,000 to 5,000 new homes in north Whitby (subject to written objections and the site feasibility study), the property disposition process (i.e. declaration of surplus, public notice) is being completed concurrent with Elexicon’s site feasibility study.

Elexicon’s proposal to develop an electrical substation on the Property has been circulated to internal Town departments. Aside from comments from the Planning & Development, and Strategic Initiative departments, no other comments were noted. Comments received are as follows:

Planning & Development:

- The site is currently zoned ‘G’ Greenbelt in Zoning By-law 1874.
- Public uses, including structures are permitted on any lands within the municipality for the purpose of the public service.
- Any proposed development will be required to comply with Town of Whitby setback provisions for the zone category and the Ministry of Transportation of Ontario’s set-backs from their provincial highway right-of way. If the structure does not meet the Town’s setback requirements as set out in the by-law, a successful minor variance application will be required.

Strategic Initiatives:

- Elexicon should consider including public art along the Winchester Road frontage as this corridor also acts as a gateway into Brooklin from the west and including natural screening along Amanda Avenue.
- The enabling of the creation of housing units within Whitby aligns to Housing Accelerator Fund initiatives.

#### 4. Discussion:

The disposition of Town-owned land (including sale or long-term lease) is guided by Town Policy F 190 - the “Acquisition, Sale or Other Disposition of Land Policy”. Policy F 190 outlines the following process for the disposition of Town-owned land:

- Obtain the fair market value of the property via an appraisal report from a qualified appraiser;
- Provide public notice which includes:
  - Posting a sign on the Property for not less than ten days;

- An advertisement in a newspaper having general circulation within the Town; and
- Posting notice on the Town's website;
- Provide the public an opportunity to submit written objections (including the person's name, address and reason(s) for objecting) to the Town within 20 days after notice is provided;
- Staff are to prepare a report to Council outlining the objection(s) received and provide recommendations to Council regarding the subject Land.

### **Fair Market Value**

The fair market value of the Property is \$2,230,000 based on the appraisal from Colliers International dated July 4, 2024 for the area outlined in red in Attachment B. The fair market value may be adjusted subject to a reference plan confirmation of acreage to be conveyed.

### **Public Notice**

As part of the Town's public notice, Town staff will incorporate information about Elexicon's proposed project with a link and/or contact information at Elexicon to obtain more information. Further details on public notice and how the public may provide written objections to this declaration of surplus is provided in the "Communication and Public Engagement" section of this report.

### **Negotiation of an Agreement**

Subject to approval of this report, Town staff will negotiate an agreement with Elexicon, including the form of the Property disposition (e.g. sale, lease), and report back to Council following the communication and public engagement related to Council's land surplus declaration.

### **Critical Electricity Supply Infrastructure**

As noted in the background section, above, the construction of an electrical substation to allow for the continued growth of Brooklin. It is also necessary as critical infrastructure for the Town to meet its growth targets and goals. If this electrical infrastructure is not constructed, and growth is unable to proceed, it could have negative effects on the Town's future capital program.

## **5. Financial Considerations:**

To-date Elexicon has paid \$301.71 and \$9,348.49 (inclusive of HST) for the PTE Agreement, Stage 1 & 2 Land Acquisition Application fees, respectively, to recover for staff time and the land appraisal costs.

The proposed electrical infrastructure will allow for up-to 5,000 new homes to be constructed which advances current Federal and Provincial housing priorities and should improve the Town's collection development charge ("DC") revenues. Development Charges are used to pay for growth-related infrastructure (e.g. roads, new fire station, recreational facilities, etc.). As recently reported, Development Charges collected in 2023 (\$9.5 million) were significantly lower than DC revenues in recent years (i.e. \$42.8 million in 2022 and \$42.5 million in 2021). Although 2023 represents the first full year following the passage of Bill 23, the More Homes Built Faster Act, which introduced significant changes to the Development Charges Act and Planning Act related to lowering the fees developers pay related to growth/ development, the decline in DC revenues is directly attributable to a decrease in building activity (lower building permits being pulled) in Whitby. The slow down in development activity (and DC collections) results in lower DC reserve balances and may result in the temporary deferral of growth-related projects identified in the Town's DC Background Study.

## 6. Communication and Public Engagement:

Town Policy F 190 regarding the Acquisition, Sale or Other Disposition of Land Policy, requires public notice following the Town's declaration of lands to be surplus, which includes:

- Posting a sign on the Property for not less than ten days;
- An advertisement in a newspaper having general circulation within the Town – this will be the Brooklin Town Crier; and
- Posting notice on the Town's website.

Further, in accordance with the Policy, any person may submit an objection, in writing, to the Clerk 20 days after notice is provided. The objection shall include the person's name, address and reason(s) for objecting. The Town will be using the Connect Whitby engagement platform to provide information and assist with the collection of written objections. In accordance with the policy, staff will prepare a report to Council outlining objection(s) received, if any, and provide a recommendation to Council. If no objection is received, Council's decision to declare the Lands surplus shall be final.

The Town's Communications team is collaborating with Elexicon's Communications team to ensure an aligned approach to messaging and information sharing.

As noted earlier in this report, Elexicon's consultants and contractors initiated their site feasibility study the week of August 5, 2024. Elexicon provided information notices via a mail drop to the community prior to the start of the on-site study. Residential properties along Amanda Avenue and surrounding streets within the immediate area of Ashburn Road and Winchester Road were sent postcards (see **Attachment D**) outlining the Elexicon's proposed project.

## 7. Input from Departments/Sources:

Elexicon's proposal for the Property and this report was circulated to all Town departments. Departmental comments have been incorporated into this report.

Legal Services has reviewed this report and has provided advice regarding the completion of this matter, and will be facilitating the completion of the transaction if approved by Council.

**8. Strategic Priorities:**

The recommendations of this report support Strategic Pillar 4: Whitby's Government of the Community Strategic Plan. Specifically, enabling electrical infrastructure to be built supports the planned future growth noted in Action Item 4.4.2 of the Town's Community Strategic Plan.

**9. Attachments:**

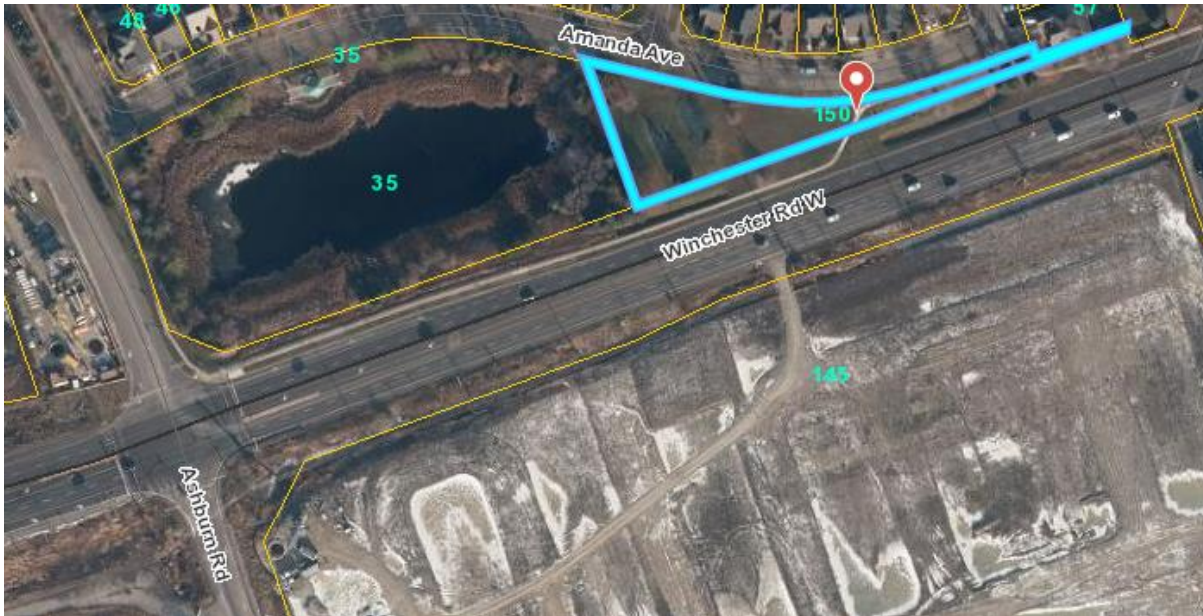
Attachment A – Outline of 150 Winchester Road West

Attachment B – Outline of the Portion of 150 Winchester Road West Proposed to be conveyed

Attachment C – Example of an Enclosed Electrical Substation

Attachment D – Elexicon Postcard direct mail drop

150 Winchester Road West, Whitby, Ontario



**Legal Description:** Block 232, Plan 40M-1966, Subject To Easement Over Part 10, Plan 40R19041, as in LT902785; Town of Whitby, (PIN 26572-0369 (LT))

**Area:** 3,148.11 sq. m (approximately 0.7779 acres)

**A Portion of 150 Winchester Road West**



**Estimated Area to be conveyed:** Approximately 2,577.85 sq. m (or approximately 0.637 acres)

Area to be confirmed via a Reference Plan



Picture of an enclosed electrical sub-station (Source: Elexicon Energy Inc.)  
Page 64 of 66



# Potential Substation in Brooklin

The Town of Whitby is one of Ontario's fastest growing communities. With this rapid growth comes an increased demand for electricity. Elexicon Energy is currently investigating a potential site for a new substation in Brooklin off Winchester Road West near Ashburn Road.



Elexicon Energy will be conducting a Site Feasibility Study to determine the suitability of the land for a substation. Residents will notice work in the area periodically in August.

Thank you for your patience and support as we bring more power to our growing communities.

**For more information, visit:**

<https://elexiconenergy.com/potential-substation-in-brooklin>





# Town of Whitby By-law # 8106-24

## Part Lot Control By-law

Being a By-law to designate certain portions of a registered Plan of Subdivision (SW-2017-06) as not being subject of Part Lot Control.

Whereas subsection 50(7) of the Planning Act, R.S.O. 1990, c. P.13, as amended (the "Act"), provides that the council of a local municipality may by by-law provide that the part-lot control provisions in subsection 50(5) of the Act, do not apply to the land that is within a registered plan of subdivision as is designated in the by-law;

And whereas, the Council of The Corporation of the Town of Whitby considers it appropriate to pass such a by-law relating to the lands hereinafter described.

Now therefore, the Council of The Corporation of the Town of Whitby hereby enacts as follows:

### 1. General

1.1. That subsection 50(5) of the Act shall not apply to the following lands, all situated in the Town of Whitby, Regional Municipality of Durham:

(a) Block 75, Plan 40M-2746, being all of PIN 26548-5622 (LT).

1.2. That a copy of this By-law be registered in the appropriate Land Registry Office on title on the lands set out herein.

### 2. Effective Date

2.1. The by-law shall be in force and effect upon final passage thereof, and shall remain in force and effect for a period of two (2) years from the date of its passing, ending August 12, 2026.

By-law read and passed this 12th day of August, 2024.

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Elizabeth Roy, Mayor

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Christopher Harris, Town Clerk