

THE CORPORATION OF THE TOWN OF TILLSONBURG
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024



THE CORPORATION OF THE TOWN OF TILLSONBURG

For the year ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

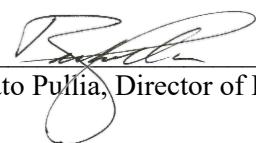
The consolidated financial statements of The Corporation of the Town of Tillsonburg have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based upon management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. The integrity and reliability of The Corporation of the Town of Tillsonburg's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief Administrative Officer is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements before they are submitted to Council.

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Tillsonburg by Millard, Rouse & Rosebrugh LLP, in accordance with Canadian generally accepted auditing standards.



Kyle Pratt, Chief Administrative Officer



Renato Pullia, Director of Finance / Treasurer

September 17, 2025
Tillsonburg, Ontario

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group as a basis for forming an opinion on the group 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.

The logo consists of a stylized, handwritten signature of the firm's name, "Millard, House & Rosebrugh LLP", in black ink.

September 17, 2025
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF TILLSONBURG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2024	2023
FINANCIAL ASSETS		
Cash	8,973,305	6,125,627
Investments (Note 5)	1,274,135	6,802,513
Taxes receivable (Note 6)	1,545,409	1,327,631
Accounts receivable (Note 7)	2,914,575	4,958,057
Due from unconsolidated entities (Note 8)	2,657,597	1,602,188
Land held for resale	-	785,559
Investment in Tillsonburg Hydro Inc. (Note 9)	12,701,994	12,626,189
	30,067,015	34,227,764
LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	5,672,203	4,796,955
Customer and security deposits	2,153,589	1,775,628
Post-employment / retirement benefits (Note 11)	607,925	607,925
Deferred revenue (Note 12)	10,519,345	7,915,398
Long-term liabilities (Note 14)	11,234,918	11,169,612
Contaminated sites (Note 3)	277,385	277,385
Asset retirement obligation (Note 13)	617,579	602,516
	31,082,944	27,145,419
NET FINANCIAL ASSETS (DEBT)	(1,015,929)	7,082,345
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 15)	85,313,996	74,855,633
Inventories	4,512,922	402,684
Prepaid expenses	247,017	54,504
	90,073,935	75,312,821
ACCUMULATED SURPLUS (Note 16)	89,058,006	82,395,166

See accompanying notes



THE CORPORATION OF THE TOWN OF TILLSONBURG

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	Budget 2024 (Note 23)	2024	2023
REVENUES			
Taxation	21,375,070	21,597,959	20,035,107
User charges	6,192,538	6,594,648	5,878,486
Government transfers - Federal (Note 17)	1,296,100	-	1,409,049
Government transfers - Provincial (Note 18)	7,641,088	4,182,950	3,195,753
Government transfers - Oxford County (Note 19)	506,450	369,493	491,233
Other income (Note 20)	3,906,219	1,735,197	2,687,940
Income from Tillsonburg Hydro Inc. (Note 9)	-	75,805	255,457
Gain (loss) on disposal of tangible capital assets and land held for sale	-	864,907	461,962
	40,917,465	35,420,959	34,414,987
EXPENSES			
General government	4,010,001	3,554,755	3,553,827
Protection services	8,073,241	8,444,983	7,909,147
Transportation services	5,753,945	7,493,315	7,278,051
Environmental services	472,097	471,242	635,884
Health services	381,654	348,589	442,284
Recreation and cultural services	6,715,419	7,244,692	7,050,883
Planning and development	1,007,891	1,200,543	1,067,014
	26,414,248	28,758,119	27,937,090
ANNUAL SURPLUS			
Accumulated surplus - beginning of year	14,503,217	6,662,840	6,477,897
	82,395,166	82,395,166	75,917,269
ACCUMULATED SURPLUS - END OF YEAR			
	96,898,383	89,058,006	82,395,166

See accompanying notes



THE CORPORATION OF THE TOWN OF TILLSONBURG

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	Budget	2024	2023
	2024		
Annual surplus	14,503,217	6,662,840	6,477,897
Amortization on tangible capital assets	(4,160,692)	4,176,233	4,014,079
Purchase of tangible capital assets	42,322,692	(14,642,445)	(7,650,674)
Proceeds on disposal of tangible capital assets	-	12,550	81,010
Loss (gain) on disposal of tangible capital assets	-	(4,701)	186,113
Asset retirement obligation adoption	-	-	(587,819)
Decrease (increase) in inventory	-	(4,110,238)	(56,333)
Decrease in prepaid expenses	-	(192,513)	(6,499)
Increase in net financial assets	52,665,217	(8,098,274)	2,457,774
Net financial assets - beginning of year	-	7,082,345	4,624,571
NET FINANCIAL ASSETS - END OF YEAR	53,380,717	(1,015,929)	7,082,345

See accompanying notes



THE CORPORATION OF THE TOWN OF TILLSONBURG

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2024	2023
Cash Flows From Operating Activities		
Annual surplus	6,662,840	6,477,897
Items not affecting cash:		
Amortization of tangible capital assets	4,176,233	4,014,079
(Gain) loss on disposal of tangible capital assets	(4,701)	186,113
Contributed tangible capital assets	-	(1,027,980)
(Gain) loss on disposal of land held for sale	(860,205)	(648,074)
Asset retirement obligations accretion	15,063	14,697
Change in equity - Tillsonburg Hydro Inc.	(75,805)	(255,457)
	9,913,425	8,761,275
Changes in non-cash working capital:		
Taxes receivable	(217,778)	(314,470)
Accounts receivable	2,043,482	769,349
Due from unconsolidated entities	(1,055,409)	1,499,973
Land held for resale	785,559	-
Accounts payable and accrued liabilities	875,249	(496,473)
Post-employment/retirement benefits	-	(6,443)
Other current liabilities	377,960	(1,183,453)
Deferred revenue	2,603,947	(827,472)
Inventories	(4,110,238)	(56,333)
Prepaid expenses	(192,513)	(6,499)
	1,110,259	(621,821)
Cash flow from operating activities	11,023,684	8,139,454
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,642,445)	(6,622,694)
Transfer of land to land held for resale	(785,559)	-
Proceeds from sale of tangible capital assets	12,550	81,010
Proceeds from land held for sale	1,645,764	3,300,081
Cash flow used by capital activities	(13,769,690)	(3,241,603)
FINANCING ACTIVITIES		
Net change in long term debt	65,306	(1,228,179)
INCREASE (DECREASE) IN CASH FLOW	(2,680,700)	3,669,672
Opening Cash and Cash Equivalents	12,928,140	9,258,468
Closing Cash and Cash Equivalents	10,247,440	12,928,140
Cash and Cash Equivalents Comprised of:		
Cash on hand and balances with banks	8,973,305	6,125,627
Investments	1,274,135	6,802,513
	10,247,440	12,928,140

See accompanying notes



THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

1. NATURE OF OPERATIONS

The Corporation of the Town of Tillsonburg (the Town) is a town in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act, Municipal Affairs Act and related legislation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town are prepared by management in accordance with Canadian Generally Accepted Accounting Principles for Local Governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses, changes in accumulated surplus, and changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and local boards, municipal enterprises and utilities which are owned or controlled by the Town. These consolidated financial statements include:

Tillsonburg Business Improvement Area

All inter-department and inter-organizational transactions and balances between these organizations have been eliminated.

The investments in government business enterprises are accounted for using the modified equity basis which is consistent with the Canadian Public Sector Accounting Standards treatment for Government Business Enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Township and inter-organizational transactions and balances are not eliminated.

The following government business enterprise is reflected in these consolidated financial statements:

Tillsonburg Hydro Inc.

(ii) Accounting for Oxford County and school board transactions

The taxation, other revenue, expenditures, assets, and liabilities with respect to the operations of the school boards and the County of Oxford, are not reflected in the municipal fund balances of these financial statements. The taxation revenue collected and remitted on behalf of the school boards amounted to \$5,094,649 (2023 - \$4,760,807). The taxation revenue collected and remitted on behalf of Oxford County amounted to \$12,000,730 (2023 - \$9,998,225).

(iii) Trust funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statements of Continuity and Financial Position".

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Reporting Entity (Continued)

(iv) Non-consolidated entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Tillsonburg Waterworks Department

Tillsonburg Sanitary Sewer Department

(b) Basis of Presentation

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

(c) Revenue Recognition

(i) Taxation

Annually, the Town bills and collects property tax revenue for municipal levy purposes as well as education taxes on behalf of the local school boards. The Township has the authority to levy and collect property taxes under the Municipal Act, 2001.

The amount of the total annual municipal property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class of property, in accordance with legislation and Council-approved policies, in order to raise the revenue needed to meet operating budget requirements.

The Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all of Ontario's municipalities, is responsible for property assessments. MPAC provides the current value assessment (CVA) of each property in the returned assessment roll in December of each year. The amount of property tax levied on an individual property is the product of the CVA, the municipal tax rate by class, and the education tax rate by class.

Taxation revenue is recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year relating to; newly occupied properties, properties omitted in the December assessment roll, or other MPAC adjustments. Tax revenue can also be reduced if there are reductions in assessment values resulting from property assessment appeals.

(ii) Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

(iii) User charges

User charges relate to various municipal programs and fees imposed based on specific activities. Examples of user charges include: recreation programs, water, wastewater and solid waste. Revenue is recognized when the activity is performed or when services are rendered.

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue Recognition (Continued)

(iv) Other income

Other income is recognized in the year that the events giving rise to the revenue occur and the revenue is earned. Amounts received which relate to revenue that will be earned in a future year are deferred and reported as liabilities on the Consolidated Statement of Financial Position.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees, and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Assets under construction are not amortized. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the year the asset is available for productive use. Half the normal rate of amortization is recorded in the initial year of productive use. Amortization rates are as follows:

Land improvements	25 to 50 years
Building and structures	30 to 70 years
Leasehold improvements	term of lease
Vehicles	3 to 20 years
Information technology	3 to 10 years
Equipment	5 to 40 years
Roads	20 to 50 years
Bridges and other structures	40 to 50 years

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and short term investments with original maturities of three months or less from the time of acquisition.

(f) Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

(g) Inventory

Inventory of supplies held for consumption is valued at the lower of cost and replacement value.

(h) Deferred Revenue

The municipality receives funds for specific purposes which are externally restricted by legislation, regulation, or agreement. These restricted funds are not available for general municipal purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii. The past transaction or event giving rise to the liability has occurred;
- iii. It is expected that future economic benefits will be given up;
- iv. A reasonable estimate of the amount can be made.

A liability has been recognized for the estimated future expenses related to asbestos removal in several buildings and the removal and remediation of fuel tanks owned by the Town. The liability is adjusted to reflect changes due to the passage of time, revisions in the timing or amount of the original undiscounted cash flow estimates, and fluctuations in the discount and inflation rates using present value techniques. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets.

The tangible capital assets impacted by the asset retirement obligations are being amortized along with the related asset in accordance with the amortization accounting policies detailed in Note 2(d).

(j) Financial Instruments

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

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

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

All financial assets are assessed for impairment on an annual basis at the end of the fiscal year. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and adjusted through the statement of remeasurement gains and losses.

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

Long term debt is recorded at cost.

The Standards require an organization to classify the fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in active markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets and liabilities.



THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard. A liability for remediation is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the organization is directly responsible or accepts responsibility for the liability;
- future economic benefits will be given up; and
- a reasonable estimate of the liability can be made.

(l) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Significant items subject to such estimates and assumptions include: allowance for taxes receivable, accounts receivable, impairment of tangible capital assets, employee benefits liability and accrued expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the operations in the year in which they become known.

Actual results could differ from management's best estimates as additional information becomes available in the future.

(m) Revenue Recognition

Effective January 1, 2024, the Town adopted *Public Sector Accounting Standard PS 3400 - Revenue*, which establishes standards for recognizing revenue from exchange and non-exchange transactions. This standard was applied prospectively.

Under PS3400, exchange transactions involve the provision of goods or services to a specific payor in return for consideration and include performance obligations. Revenue from these transactions is recognized as the Town satisfies its enforceable promises to deliver goods or services.

Non-exchange transactions are those in which the Town receives economic resources without directly providing goods or services to a specific payor. These are recognized as revenue when the authority to claim or receive the asset exists, the amount can be reasonably estimated, and collectability is reasonably assured.

As a result of this new standard, building permit revenue is now recognized over the period in which related services, such as inspections and application reviews, are performed, rather than at the time of payment. This change better aligns revenue recognition with the satisfaction of performance obligations associated with permit issuance.

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

3. CONTAMINATED SITES

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the Town is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. All criteria must be met in order to recognize a liability.

The Town received an order from the Ministry of Natural Resources to clean up the discharge from a failing abandoned oil well. The source well is under an existing road embankment, however, the exact location is not apparent. The Town has retained an environmental and geotechnical engineering firm to determine the location and investigate the cost to decommission the well.

The town has recognized an undiscounted contaminated sites liability of \$277,385 as at December 31, 2024 (2023 - \$277,385) for remediation of known contaminated sites where an assessment has been conducted, or where available information on sites is sufficient to estimate costs. The assumptions and basis of measurement used in estimating the liability include past land usage, the nature of the level of contamination, current land use, length of time to remediate the site, engineer cost estimates, environmental site assessments and analysis from staff reports.

4. TRUST FUNDS

Trust funds administered by the Town amounting to \$1,897,199 (2023 - \$1,795,586) have not been included in the consolidated statement of financial position, nor have their operations been included in the consolidated statement of operations.

5. INVESTMENTS

Investments of \$1,274,135 (2023 - \$6,802,513) are recorded at their cost and are short-term in nature. Investments consist of high interest savings accounts which have a market value approximating cost.

6. TAXES RECEIVABLE	2024	2023
Taxes receivable	1,545,409	1,327,631
Allowance for uncollectibles	-	-
	1,545,409	1,327,631

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

7. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2024	2023
Government of Canada	482,736	1,472,639
Province of Ontario	222,064	947,180
Other municipalities	934,901	1,327,266
Other receivables	1,384,593	1,277,636
Allowance for uncollectibles	(109,719)	(66,664)
	2,914,575	4,958,057

8. DUE FROM UNCONSOLIDATED ENTITIES

The banking activities of the following entities are administered by the Town. Accordingly, the amount due from these entities represents the net working capital position between the Town and the entities as follows:

	2024	2023
Tillsonburg Hydro Inc.	1,708,274	817,749
Town of Tillsonburg Waterworks Department	607,161	563,390
Town of Tillsonburg Sanitary Sewer Department	342,162	221,049
	2,657,597	1,602,188

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

9. INVESTMENT IN TILLSONBURG HYDRO INC.

The Town accounts for its 100% investment in Tillsonburg Hydro Inc. using the modified equity method. Under this method, the accounting policies of Tillsonburg Hydro Inc. are not adjusted to conform to those of the Town. In subsequent years, the cost of this investment is increased by the earnings or decreased by the losses of Tillsonburg Hydro Inc.

Tillsonburg Hydro Inc. prepares their financial statements in accordance with International Financial Reporting Standards (IFRS).

Condensed financial information of Tillsonburg Hydro Inc. is as follows:

Statement of Financial Position as at December 31,	2024	2023
Current assets	6,253,356	5,796,170
Property, plant and equipment	22,861,036	21,713,848
Other non-current assets	639,911	12,656
Regulatory assets	3,673,919	2,921,327
	33,428,222	30,444,001

Current liabilities	4,483,983	3,518,478
Long-term liabilities	16,032,629	13,944,284
Regulatory liabilities	209,610	355,044
Equity	12,702,000	12,626,195
	33,428,222	30,444,001

Statement of Comprehensive Income and Changes in Equity	2024	2023
Revenue	27,818,832	25,511,003
Cost of power	23,371,026	20,951,930
Distribution revenue	4,447,806	4,559,073
Net non-utility activities	-	19,554
Expenses	4,839,988	4,247,709
Income before income taxes	(392,182)	330,918
Income taxes	230,039	210,110
Net movement in regulatory balances	(898,026)	(409,649)
Comprehensive income for the year, before dividends	275,805	530,457
Dividends	(200,000)	(275,000)
Net change in investment in Tillsonburg Hydro Inc.	75,805	255,457

Investment in Tillsonburg Hydro Inc.	2024	2023
Investment in Tillsonburg Hydro Inc. - Opening	12,626,189	12,370,732
Net change in investment in Tillsonburg Hydro Inc.	75,805	255,457
Investment in Tillsonburg Hydro Inc. - Ending	12,701,994	12,626,189

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2024	2023
Trade payables	5,489,523	4,725,967
Deposits	68,462	55,555
Payable to the provincial and federal government	107,248	7,941
Payable to other municipalities	6,970	7,492
	<hr/>	<hr/>
	5,672,203	4,796,955
	<hr/>	<hr/>

11. POST-EMPLOYMENT / RETIREMENT BENEFITS

The town has obligations for amounts owing to former employees under the Workplace Safety and Insurance Board permanent partial disability pension and for amounts owing under various benefits programs. An actuarial valuation of these future liabilities was completed in June 2023 and forms the basis for the estimated liability reported in these financial statements.

The weighted average assumptions used in the valuation were as follows:

Discount rate	5.00%
Healthcare cost increases	
Initial rate	5.75%
Ultimate rate	4.00%
Dental care cost increase	4.00%

Future Employee Benefits	2024	2023
Opening balance	607,925	614,368
Current period benefit cost	23,870	22,233
Interest accrued	27,140	27,253
Estimated benefit payment	(51,010)	(55,929)
	<hr/>	<hr/>
Liability as at December 31	607,925	607,925
	<hr/>	<hr/>

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

12. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and, under certain circumstances, these funds may possibly be refunded. The balances in deferred revenue including obligatory reserves funds of the Town are as follows:

2024	Opening balance	Contributions received	Investment income	Revenue recognized	Ending balance
Development charges	5,636,502	1,732,833	237,463	(514,502)	7,092,296
Building permits	1,047,058	969,468	72,468	(997,470)	1,091,524
Federal gas tax	843,733	575,242	51,695	-	1,470,670
Other	388,105	864,855	-	(388,105)	864,855
	7,915,398	4,142,398	361,626	(1,900,077)	10,519,345

2023	Opening balance	Contributions received	Investment income	Revenue recognized	Ending balance
Development charges	5,362,096	425,805	222,906	(374,305)	5,636,502
Building permits	1,593,617	473,898	-	(1,020,457)	1,047,058
Federal gas tax	796,936	525,269	44,889	(523,361)	843,733
Other	990,221	388,105	-	(990,221)	388,105
	8,742,870	1,813,077	267,795	(2,908,344)	7,915,398

Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

13. ASSET RETIREMENT OBLIGATIONS

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

a) Asbestos obligations:

The Town owns and operates various buildings that are known to contain asbestos. There is a legal obligation to remediate asbestos from these buildings when asbestos-containing material is disturbed or removed. In accordance with the adoption of PS 3280 - Asset Retirement Obligations, the Town recognized an obligation relegated to the removal of asbestos. Remaining useful lives are determined on an individual basis ranging from 30 to 70 years. The related asset retirement costs were discounted to December 31, 2024 using a discount rate of 2.5% per annum.

Changes to the asset retirement obligation in the year are as follows:

	2024	2023
Balance, beginning of year / upon adoption	602,516	587,819
Increase in liability due to accretion expense	15,063	14,697
Balance, end of year	617,579	602,516



THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

14. NET LONG TERM LIABILITIES

(a) Long term liabilities reported on the consolidated statement of financial position is comprised of the following:

	2024	2023
Total long term liabilities issued or assumed by the municipality and outstanding at the end of the year amounts to:	11,234,918	11,169,612

(b) Of the long term liabilities reported above, principal payments are recoverable from general municipal revenues and are repayable as follows:

2025	1,367,456
2026	1,270,021
2027	1,141,132
2028	1,159,871
2029	846,702
Thereafter	<u>5,449,736</u>
	<u>11,234,918</u>

The above long term liabilities have maturity dates ranging from 2025 to 2048 with interest rates varying between 1.03% and 5.77%

(c) Interest expense paid on long term liabilities for the year was \$381,211 (2023 - \$414,236).

(d) The long term liabilities in part (a) have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments and limits prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

15. TANGIBLE CAPITAL ASSETS

	Land	Building and Fixtures	Transportation Equipment	Roads and Bridges	Other Equipment	Construction in Progress	Total 2024	Total 2023
Cost								
Balance, beginning of year	1,266,963	30,222,012	10,028,568	76,656,965	5,205,708	3,325,946	126,706,162	122,123,367
Asset retirement obligation	-	-	-	-	-	-	-	587,819
Adjusted balance, beginning of year	1,266,963	30,222,012	10,028,568	76,656,965	5,205,708	3,325,946	126,706,162	122,711,186
Additions during the year	-	749,882	1,144,953	1,362,699	356,185	14,751,508	18,365,227	13,920,804
Disposals and transfers during the year	-	-	(151,116)	(43,816)	(215,287)	-	(410,219)	(3,655,698)
Transfer to capital assets	-	-	-	-	-	(3,722,782)	(3,722,782)	(6,270,130)
Balance, end of year	1,266,963	30,971,894	11,022,405	77,975,848	5,346,606	14,354,672	140,938,388	126,706,162
Accumulated Amortization								
Balance, beginning of year	-	12,010,961	5,192,817	32,380,511	2,266,240	-	51,850,529	51,225,025
Amortization during the year	-	1,044,406	713,976	1,911,944	505,907	-	4,176,233	4,014,079
Accumulated amortization on disposal	-	-	(149,972)	(41,564)	(210,834)	-	(402,370)	(3,388,575)
Balance, end of year	-	13,055,367	5,756,821	34,250,891	2,561,313	-	55,624,392	51,850,529
Net Book Value of Tangible Capital Assets	1,266,963	17,916,527	5,265,584	43,724,957	2,785,293	14,354,672	85,313,996	74,855,633



THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

16. ACCUMULATED SURPLUS

The Town segregates its accumulated surplus into the following categories:

	2024	2023
Investment in tangible capital assets	85,313,996	74,855,633
Long term liabilities	(11,234,918)	(11,169,612)
<u>Unfinanced capital</u>	<u>(15,832,451)</u>	<u>(6,938,393)</u>
Net investment in tangible capital assets	58,246,627	56,747,628
Operating surplus	2,248,391	1,680,286
Unfunded Liability - Post Retirement Benefit	607,925	607,925
Unfunded Liability - Asset Retirement Obligation	617,579	602,516
Unfunded Liability - Contaminated Sites	277,385	277,385
Tillsonburg BIA surplus	69,222	42,412
Reserves		
Council	3,479	3,424
Election	39,959	24,471
Physician recruitment	157,973	49,236
Tax rate stabilization	1,679,570	1,131,368
Insurance	162,138	128,027
IT equipment	248,700	207,572
Asset management funding	1,123,665	822,197
Fleet and equipment	952,178	1,035,112
Fire department equipment	550,620	160,181
Fire department labour reserve	7,944	-
Police	84,708	56,182
Police service board	39,463	38,617
Engineering	305,716	311,132
Development remediation	30,739	29,089
Linear infrastructure	2,336,938	1,371,289
Airport	95,942	37,936
Waste management	2,003	1,972
Recreation, culture and parks	800,773	734,108
Facility infrastructure	2,665,526	1,989,723
Cemetery	94,849	6,562
Downtown parking	505,577	453,221
Economic development	2,400,423	1,219,406
	14,288,883	9,810,825
Invested in Tillsonburg Hydro Inc.	12,701,994	12,626,189
	89,058,006	82,395,166

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

17. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 23)	2024	2023
Operating			
Conditional	-	-	35,688
Capital			
Infrastructure funding	49,700	-	850,000
Federal gas tax revenue	1,246,400	-	523,361
	1,296,100	-	1,409,049

18. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 23)	2024	2023
Operating			
Ontario Municipal Partnership Fund	715,500	715,500	662,200
Conditional	812,288	1,164,631	1,182,841
Capital			
Infrastructure funding	6,113,300	2,302,819	1,350,712
	7,641,088	4,182,950	3,195,753

19. GOVERNMENT TRANSFERS - COUNTY OF OXFORD

	Budget (Note 23)	2024	2023
Operating			
Conditional	444,150	295,269	313,258
Other	24,000	35,576	22,411
Capital			
Infrastructure funding	38,300	38,648	155,564
	506,450	369,493	491,233

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

20. OTHER INCOME

Other revenues are comprised of the following:

	2024 Budget	2024 Actual	2023 Actual
Penalties and interest on taxes	165,000	261,273	213,155
Investment income	535,000	716,600	916,761
Developer contributions	1,910,300	514,502	374,305
Donations and miscellaneous income	1,295,919	242,822	1,183,719
	3,906,219	1,735,197	2,687,940

21. CONTRACTUAL OBLIGATIONS

Ontario Provincial Police contract

The Town of Tillsonburg has entered into a six year agreement with the Solicitor General of Ontario for the provision of police services. The six-year term expires in December 2025, the new agreement review is currently ongoing. The annual cost of this contract for 2024 was \$3,694,038 (2023 - \$3,576,547).

Capital Project contracts

The Town of Tillsonburg has outstanding contractual obligations of approximately \$4,690,057 at December 31, 2024 for capital works projects.

22. 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. OMERS is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rate of pay. The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

The amount contributed to OMERS for current service is included as an expenditure on the Consolidated Statement of Operations. The amount contributed to OMERS for 2024 was \$960,527 (2023 - \$909,748). Since any surpluses or deficits are a joining responsibility of all Ontario municipalities and their employers, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

23. BUDGET FIGURES

The operating budgets adopted by the Town of Tillsonburg Council were not prepared on a basis consistent with the reporting requirements of the Public Sector Accounting Board. The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis to be used. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated Statements of Operations represent the budget adopted by Council with adjustments as follows:

	2024	2023
Operating budget surplus for the year adopted by Council	-	-
Add:		
Budgeted transfers to the capital fund for tangible capital asset purchase	42,322,692	27,069,437
Budget for BIA consolidation	39,212	13,222
Budgeted transfer to reserves	887,170	538,700
Principal payments on debt	1,234,104	1,482,400
Less:		
Amortization	(4,160,692)	(4,007,037)
New debenture debt	(10,675,100)	(5,753,400)
Sale of assets	(9,157,901)	-
Budgeted transfer from reserves and reserve funds	(5,986,268)	(6,137,400)
 Budgeted surplus per Consolidated Statement of Operations	 14,503,217	 13,205,922

24. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.

THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2024

25. CONTINGENT LIABILITIES

As at December 31, 2024, there are legal claims commenced against the Town that remain outstanding. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. For the claims against the Town, the amount and nature of the possible outcome is not determinable at this time and, as a result, no provision has been made in the financial statements.

26. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Town's contractual rights consist of contracts entered into for operating leases.

27. SUBSEQUENT EVENTS

Subsequent to year end the Town of Tillsonburg has entered into discussions regarding acquiring ownership shares in ERTH Corporation, a municipal holding company which owns ERTH Power Corporation and other non-regulated companies serving the utility and municipal sectors.

28. SEGMENTED INFORMATION

The Corporation of the Town of Tillsonburg is a lower-tier municipality of Oxford County that provides a wide range of services to its residents. The major services chosen for segmented disclosure are the four departments that consume the greatest amount of the Township's total operating expenses. The revenue and expenses reported for each segment includes directly attributable amounts as well as internal charges and recoveries allocated on a reasonable basis.

A description of each major service and the activities each provide are as follows:

General government

The general government includes council and corporate management.

Protection services

The protection services includes fire, police, protection inspection and control and building permits.

Transportation services

The transportation services department is responsible for the safe and efficient movement of people and goods within the Town of Tillsonburg. Responsibilities include road construction and maintenance, winter control, transit, airport, developing parking and traffic by-laws, and implementation and maintenance of street lighting.

Recreation and cultural services

This segment includes parks, recreation programs, recreation facilities, museums, and community events.

Other services

Other services includes environment services, health services and planning and development.



THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

28. SEGMENTED INFORMATION (Continued)

Year ended December 31, 2024	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Other Services	Consolidated 2024
Revenue						
Government transfers	1,141,140	2,433,262	682,000	92,245	203,796	4,552,443
User charges	707,739	2,685,413	923,322	1,696,959	581,215	6,594,648
Other income (Note 1)	817,588	-	333,176	272,148	1,252,997	2,675,909
	2,666,467	5,118,675	1,938,498	2,061,352	2,038,008	13,823,000
Expenses						
Salaries, wages, and benefits	3,125,484	2,829,054	2,260,302	3,588,782	603,132	12,406,754
Materials	130,129	678,367	1,451,886	1,580,610	901,409	4,742,401
Contracted Services	849,452	4,081,035	1,253,750	564,379	138,973	6,887,589
External transfers	51,800	-	-	-	-	51,800
Inter-functional adjustments	(1,612,916)	498,999	528,193	346,144	239,580	-
Financial expenses	83,368	16,177	1,389	11,197	-	112,131
Interest on long-term liabilities	70,632	6,251	147,631	134,241	22,456	381,211
Amortization	856,805	335,100	1,850,164	1,019,340	114,824	4,176,233
	3,554,754	8,444,983	7,493,315	7,244,693	2,020,374	28,758,119
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy						
	(888,287)	(3,326,308)	(5,554,817)	(5,183,341)	17,634	(14,935,119)
Taxation revenue						
						21,597,959
Annual surplus						
						6,662,840

[1] Other income - Includes penalties and interest on taxes, investment income, gain (loss) on sale of assets, developer contributions, donations and equity in Tillsonburg Hydro Inc.



THE CORPORATION OF THE TOWN OF TILLSONBURG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

28. SEGMENTED INFORMATION (Continued)

Year ended December 31, 2023	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Other Services	Consolidated 2023
Revenue						
Government transfers	1,040,534	1,370,697	1,178,317	1,090,807	415,680	5,096,035
User charges	594,441	2,538,753	723,493	1,525,582	496,217	5,878,486
Other income (Note 1)	1,324,950	49,219	869,526	175,211	986,453	3,405,359
	2,959,925	3,958,669	2,771,336	2,791,600	1,898,350	14,379,880
Expenses						
Salaries, wages, and benefits	2,721,563	2,570,112	2,237,922	3,495,300	525,864	11,550,761
Materials	147,559	805,702	1,551,093	1,514,502	980,710	4,999,566
Contracted Services	1,006,842	3,823,945	1,123,115	518,431	286,624	6,758,957
External transfers	44,056	-	-	-	-	44,056
Inter-functional adjustments	(1,410,407)	424,666	359,078	404,171	222,492	-
Financial expenses	141,591	16,149	(13,229)	10,924	-	155,435
Interest on long-term liabilities	82,248	7,945	160,566	139,616	23,861	414,236
Amortization	820,375	260,628	1,859,506	967,939	105,631	4,014,079
	3,553,827	7,909,147	7,278,051	7,050,883	2,145,182	27,937,090
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy						
	(593,902)	(3,950,478)	(4,506,715)	(4,259,283)	(246,832)	(13,557,210)
Taxation revenue						
						20,035,107
Annual surplus						
						6,477,897

[1] Other income - Includes penalties and interest on taxes, investment income, gain (loss) on sale of assets, developer contributions, donations and equity in Tillsonburg Hydro Inc.

