

DRAFT #3
May 23, 2025

Consolidated Financial Statements of

**THE CORPORATION OF
THE CITY OF RICHMOND HILL**

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Richmond Hill

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Richmond Hill (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated change 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 **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the City 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.

Other Matter - Comparative Information

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 24, 2024.

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

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

In preparing the financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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 City 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 units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Consolidated Statement of Financial Position

(In thousands of dollars)

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash and cash equivalents	\$ 120,398	\$ 94,777
Portfolio investments (note 3)	557,503	514,068
Taxes and payments-in-lieu receivable (note 5)	46,858	43,976
Accounts receivable	65,649	53,550
	790,408	706,371

Financial Liabilities

Accounts payable and accrued liabilities	105,876	60,695
Other liabilities (note 6)	22,594	21,718
Deferred revenue (note 7)	294,405	270,132
Employee future benefits liability (note 8)	28,574	26,996
	451,449	379,541

Net financial assets	338,959	326,830
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Non-Financial Assets

Tangible capital assets (note 18)	1,042,498	999,412
Inventories	1,308	1,300
Prepaid expenses	4,071	3,345
	1,047,877	1,004,057

Accumulated surplus	\$ 1,386,836	\$ 1,330,887
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Accumulated surplus comprises:

Accumulated surplus from operations	\$ 1,372,595	\$ 1,324,493
Accumulated remeasurement gains	14,241	6,394

Accumulated surplus	\$ 1,386,836	\$ 1,330,887
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Commitments (note 15)

Contingencies (note 16)

See accompanying notes to consolidated financial statements.

Approved by:

Mayor

Director

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Consolidated Statement of Operations

(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (note 17)	Actual 2024	Actual 2023
Revenue:			
Taxation (note 10)	\$ 146,654	\$ 147,231	\$ 137,496
User charges	122,551	124,082	115,491
Grants and government transfers (note 11)	16,477	16,004	17,784
Permits, penalties, rents and other	22,387	27,722	23,916
Investment income	16,459	25,528	19,316
Revenue recognized on contributed tangible capital assets	15,836	14,518	8,178
Developer and other contributions earned	41,930	35,800	23,040
	382,294	390,885	345,221
Expenses:			
General government	56,817	55,995	51,456
Protection to persons and property	50,095	47,885	44,834
Transportation services	56,258	41,103	35,722
Environmental services	131,277	115,021	103,816
Recreation and cultural services	117,074	71,407	67,103
Planning and development	12,827	10,891	9,968
Health and social services	481	481	450
	424,829	342,783	313,349
Annual surplus (deficit)	(42,535)	48,102	31,872
Accumulated surplus, beginning of year	1,324,493	1,324,493	1,292,621
Accumulated surplus, end of year	\$ 1,281,958	\$ 1,372,595	\$ 1,324,493

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Consolidated Statement of Remeasurement Gains and Losses

(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 6,394	\$ –
Unrealized gains attributable to portfolio investments (note 3)	7,847	6,394
Accumulated remeasurement gains, end of year	\$ 14,241	\$ 6,394

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Consolidated Statement of Change in Net Financial Assets

(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (note 17)	Actual 2024	Actual 2023
Annual surplus (deficit)	\$ (42,535)	\$ 48,102	\$ 31,872
Unrealized gain from the statement of remeasurement gains and losses	—	7,847	6,394
Acquisition of tangible capital assets	(15,836)	(88,836)	(54,465)
Amortization of tangible capital assets	40,314	43,254	40,314
Loss on disposal of tangible capital assets	—	2,955	737
Proceeds from sale of tangible capital assets	—	(529)	154
Addition to tangible capital assets relating to asset retirement obligation	—	70	(3,746)
Increase in prepaid expenses	—	(726)	(416)
Increase in inventories	—	(8)	(122)
Increase (decrease) in net financial assets	(18,057)	12,129	20,722
Net financial assets, beginning of year	326,830	326,830	306,108
Net financial assets, end of year	\$ 308,773	\$ 338,959	\$ 326,830

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Consolidated Statement of Cash Flows

(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 48,102	\$ 31,872
Items not involving cash:		
Amortization of tangible capital assets	43,254	40,314
Revenue recognized on contributed capital assets	(14,518)	(8,178)
Loss on disposal of tangible capital assets	2,955	737
Non-cash addition to tangible capital assets	70	(3,746)
	79,863	60,999
Change in non-cash operating items:		
Taxes and payments-in-lieu receivable	(2,882)	(191)
Inventories	(8)	(122)
Prepaid expenses	(726)	(416)
Accounts receivable	(12,098)	(5,743)
Accounts payable and accrued liabilities	45,180	448
Other liabilities	876	5,501
Deferred revenue	24,273	17,155
Employee future benefits liability	1,578	1,434
	136,056	79,065
Capital activities:		
Acquisition of tangible capital assets	(74,318)	(46,287)
Proceeds from sale of tangible capital assets	(529)	154
	(74,847)	(46,133)
Investing activities:		
Purchase of investments	(154,337)	(97,906)
Proceeds from maturity of investments	118,749	107,784
	(35,588)	9,878
Increase in cash and cash equivalents	25,621	42,810
Cash and cash equivalents, beginning of year	94,777	51,967
Cash and cash equivalents, end of year	\$ 120,398	\$ 94,777

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements

(In thousands of dollars)

Year ended December 31, 2024

The Corporation of the City of Richmond Hill (the "City") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act, Development Charges Act and related legislation.

1. Significant accounting policies:

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

Significant accounting policies adopted by the City include:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenue and expenditures of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees controlled by the City including the following:

- Richmond Hill Public Library
- Village of Richmond Hill Business Improvement Area

All material inter-entity and interfund transactions and balances are eliminated on consolidation.

(b) Accounting for region and school board:

The taxation, other revenues, expenditures, assets, and liabilities with respect to the operations of The York Region District School Board, The York Catholic District School Board, and The Region of York are not reflected in the municipal fund balances of these consolidated financial statements.

(c) Trust funds:

Trust funds and their related operations administered by the City are not included in the consolidated financial statements but are reported separately on the trust funds statement of revenue, expenditure and fund balance.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Basis of accounting:

(i) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers' acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

(ii) Revenue and expenses:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the year in which the transactions or events occurred when they are earned and measurable; expenses are recognized in the year the goods or services are acquired and a legal liability is incurred or transfers are due.

(iii) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities unless they are sold and are held for use in the provision of services. They have lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Tangible capital and other non-financial assets are accounted for as assets by the City because they can be used to provide services in future years.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(iv) Tangible capital assets:

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

Asset category	Asset subcategory	Useful life (in years)
General assets		
Land		Indefinite
Land improvements	Parks and parkettes	10 - 40
	Parking lots	15
Buildings	Structural and architectural comp	40
	Mechanical	25
	Electrical	20
Vehicles	Vehicles	3 - 10
Machinery and equipment	Fire equipment	5 - 15
	Arena and fitness equipment	4 - 20
	Hardware and software	4 - 15
Other	Library material	7
Infrastructure assets		
Road network	Travelled roads	20
	Sidewalk and walkways	40 - 80
	Bridges and culverts	30 - 100
Water network	Water main	50 - 100
	Valves	35
	Water meter	20
Wastewater network	Sanitary sewers	75 - 100
	Pump and lift station	10 - 50
Stormwater network	Storm sewer	30 - 100

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(a) Amortization:

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

(b) 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.

(c) Intangible assets:

Intangible assets are not recognized as assets in the consolidated financial statements.

(d) Interest capitalization:

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

(v) Inventories:

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

(vi) Deferred revenue:

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

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(vii) Employee future benefits:

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

(viii) Investment income:

Investment income earned is reported as revenue in the year earned. Investment income earned on development charges and cash-in-lieu of parkland obligatory reserve funds is added to the obligatory reserve fund balance and forms part of the respective deferred revenue balances.

(ix) Contaminated sites:

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met: (a) an environmental standard exists; (b) contamination exceeds the environmental standard; (c) the organization is directly responsible or accepts responsibility for the liability; (d) future economic benefits will be given up; and (e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in the City's consolidated statement of operations.

(x) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenue in the financial year in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be determined.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(xi) Use of estimates

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenditures during the year. Actual results could differ from these amounts. Significant estimates include employee future benefits and useful lives of tangible capital assets.

(e) Asset retirement obligation:

An asset retirement obligation ("ARO") 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; and
- (iv) A reasonable estimate of the amount can be made.

These obligations represent estimated retirement costs for the City owned buildings, including fuel tanks and restoration costs for leasehold improvements. Asset retirement obligations are recorded on the consolidated financial statements as a liability and are based on accrual accounting. As such, there is no direct cash flow or budgetary impact to the City.

The asset retirement obligation standard applies to all tangible capital assets controlled by the City that have a legal or contractual obligation. It addresses the reporting of legal obligations associated with the retirement of tangible capital assets, both in productive use and not in productive use and controlled by the entity, and the costs associated with the retirement of these assets.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

The estimate of the liability associated is measured based on the best estimate of directly attributable expenditures required to settle this obligation. Other costs would also include post-retirement operation, maintenance and monitoring costs required after the asset has been removed from service. To record the obligation, the total liability is added to the carrying value of the associated assets and amortized using straight-line basis over the remaining useful life of the asset. As new and updated information is available through maintenance of assets, the estimates for asset retirement obligation would be revised and any updates to the estimated costs of obligation will result in change in carrying value of the assets in productive use to be amortized for the remaining life of the asset.

(f) Related parties disclosure:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements. As at December 31, 2024, there are no such related party transactions to disclose.

(g) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one of more future events occur that are not within the government's control. Disclosure of a contingent asset is required under this standard when the occurrence of a confirming future event is likely. As at December 31, 2024, there are no such contingent assets to disclose.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(h) Newly adopted accounting standards:

Effective January 1, 2024, the City adopted the following standards issued by the PSAB:

- (i) PS 3400, Revenue, establishes a single framework to categorize revenue of enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Entity's December 31, 2024 year end).
- (ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Entity's December 31, 2024 year end).
- (iii) PS 3160, Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3s arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The standard is effective for fiscal years beginning on or after April 1, 2023 (the Entity's December 31, 2024 year end).

The City's adoption of these amendments during the year ended December 31, 2024 did not have a material impact on the financial statements.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2024, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

PS 1202 - Financial Statement Presentation, was approved in March 2023. This standard supersedes PS 1201 and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the City being the year ending December 31, 2027).

PS 3251, Employee Benefits, will replace the current section PS 3250 and PS 3255. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

2. Financial instruments:

(a) Financial instruments are classified into three categories: fair value, amortized cost or cost.

(i) Fair value:

The City manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the consolidated statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the consolidated statement of operations and related balances reversed from the consolidated statement of remeasurement gains and losses.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

2. Financial instruments (continued):

(ii) Amortized cost:

Amounts 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 year, 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) Cost:

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

The following table provides the carrying amount information of the financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

	2024	2024	2023	2023
	Amortized cost	Fair value	Amortized cost	Fair value
Cash and cash equivalents	\$ 120,398	\$ –	\$ 94,777	\$ –
Portfolio investments	417,166	140,337	440,663	73,405
Accounts receivable	64,397	–	53,550	–
Accounts payable and accrued liabilities	(104,624)	–	(60,695)	–
Employee future benefits liability	–	(28,574)	–	(26,996)

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

2. Financial instruments (continued):

(b) Credit risk:

Credit risk is the risk of financial loss to the City if a debtor fails to discharge their obligation (e.g. pay the accounts receivable owing to the City). The City is exposed to this risk arising from its cash and cash equivalents, portfolio investments and receivables. The City holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. Portfolio investments primarily include investments in corporate bonds with terms to maturity greater than 5 years through the Canadian Corporate Bond Portfolio, which is a third party professionally managed fund administered by ONE Investment.

Accounts receivable is primarily due from school boards. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City historical experience regarding collections. Impairment allowance related to receivables as at December 31, 2024 is \$2,315 (2023 - \$1,775). There were no changes in exposures to credit risk during the year.

(c) Liquidity risk:

Liquidity risk is the risk that the City will not be able to meet all cash outflow obligations as they come due. The City mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payables and accrued liabilities	\$ 95,368	\$ 9,256	\$ —	\$ —	\$ 104,624
Employee benefits payable	2,041	2,041	6,123	18,369	28,574
	\$ 97,409	\$ 11,297	\$ 6,123	\$ 18,369	\$ 133,198

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure that risk.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

2. Financial instruments (continued):

(d) Market risk:

(i) Foreign currency risk:

Foreign currency risk is the risk that an investment loses value based on exchange rate fluctuations upon. The City is exposed to foreign currency risk with regard to cash balances denominated in U.S. dollars ("USD"). As at December 31, 2024, the City held USD 298 (2023 - USD 457). Additionally, the City does not hold any U.S.-denominated investments. It is the City's opinion that the City is not exposed to significant foreign currency risk arising from cash balances denominated in USD.

(ii) Interest rate risk:

Interest rate risk is the risk that its fixed income investments decline in value in response to an increase in interest rates. The investment strategy at the City is based on a buy and hold approach, thereby reducing the need to speculate on the future changes in interest rates. Further, purchases are made through varying lengths of maturities to balance investment term exposures, to mitigate the effects of interest rate volatility, as investments mature at face value. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure that risk.

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of an investment will decline due to changes in market prices other than those caused by interest rate risk or foreign currency risk. Portfolio owns units in however, this comprises the smallest allocation relative to the total portfolio, while supporting portfolio diversification. Exposure to equities is monitored on a frequent basis and rebalanced if necessary, in order to avoid overconcentration as market values change over time.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

3. Investments:

Investments in the consolidated statement of financial position are reported at cost with the exception of equity investments, that are traded in the active market being reported at market value. In the prior year, investments in the consolidated statement of financial position were reported at cost. Investments had a market value of \$564,135 (2023 - \$506,961) at the end of the year. They consist of investments pursuant and long-term instruments of various financial institutions. Investments are comprised of the following:

	2024	2024	2024	2024	2023	2023
	Recorded at cost	Recorded at market total	Reported value	Market total	Reported value	Market
Recorded at cost						
Term deposits	\$ 66,000	\$ —	\$ 66,000	\$ 66,000	\$ 119,000	\$ 119,000
Accrual notes	123,000	—	123,000	133,407	83,000	84,748
Strips	96,350	—	96,350	96,313	85,801	82,861
Bonds	28,864	—	28,864	28,833	21,080	20,819
Deposit notes	16,000	—	16,000	15,116	26,000	24,060
Principal protected notes	—	35,436	35,436	35,436	35,000	35,724
Investment funds - bonds	86,952	—	86,952	84,129	70,782	66,344
Reported at market value						
Investment funds - equity	—	104,901	104,901	104,901	—	73,405
	\$ 417,166	\$ 140,337	\$ 557,503	\$ 564,135	\$ 440,663	\$ 506,961

The City also has a long-term investment in a principal protected notes and investment fund equity. Market value of these investments is \$140,337 (2023 - \$108,405) at December 31, 2024. The change in unrealized gain of \$7,847 (2023 - \$6,394) is reported in the consolidated statement of remeasurement gains and losses.

4. Trust funds:

Trust funds administrated by the City amount to \$20 (2023 - \$20). As the City holds these funds in trust for the benefit of others, they are not presented as part of the City's financial position or financial activities.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

5. Taxes and payments-in-lieu receivable:

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

	2024	2023
Current year	\$ 20,450	\$ 20,979
Previous years	20,364	17,654
Penalties and interest	6,924	5,860
Allowance	(880)	(517)
	<u>\$ 46,858</u>	<u>\$ 43,976</u>

6. Other liabilities:

The balance in other liabilities is comprised of the following:

	2024	2023
Liabilities for ARO	\$ 3,958	\$ 3,929
Other liabilities	18,636	17,789
	<u>\$ 22,594</u>	<u>\$ 21,718</u>

Other liabilities comprise obligations such as letters of credit drawn, security and grading deposits, as well as various miscellaneous deposits and bonds held in trust or pending fulfillment of related commitments.

The City of Richmond Hill has recognized an ARO for the removal of asbestos from various City owned facilities.

A reconciliation of the aggregate carry amount of the ARO is as follows:

	2024	2023
Balance, beginning of year	\$ 3,929	\$ 3,911
Accretion expense	29	18
Balance, end of year	<u>\$ 3,958</u>	<u>\$ 3,929</u>

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

7. Deferred revenue:

Deferred revenue represents government transfers, user charges and fees which have been collected but for which the related services have yet to be performed. Obligatory Reserve Funds are funds set aside and legally restricted by provincial legislation, a municipal by-law, or an agreement. The funds are raised for specific purpose and cannot be used for any other purpose. The main obligatory reserve funds are the Development Charges Reserve Funds that are regulated by the Development Charges Act. These amounts will be recognized as revenue in the fiscal year the services are performed. The following is the current status of the deferred revenue:

	2024	2023
Obligatory Reserve Funds:		
Development charges	\$ 185,882	\$ 162,513
Cash-in-lieu of parkland	66,899	62,125
Government transfer	26,131	23,230
Other	6,212	4,497
Deferred revenue - general	9,281	17,767
	<u>\$ 294,405</u>	<u>\$ 270,132</u>

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

7. Deferred revenue (continued):

Continuity of deferred revenue is as follows:

	2024	2023
Balance, beginning of year	\$ 270,132	\$ 252,977
Developer and other contributions collected	71,335	21,926
Cash in lieu of parkland collected	8,080	2,771
General deferred revenue collected	988	941
Federal gas tax grant collected	6,448	6,454
Other government transfers	2,712	8,096
Other	4,319	2,726
Interest earned	14,771	7,129
	108,653	50,043
Developer and other contributions used in capital operations	(21,346)	(7,483)
Cash in lieu - parkland used in operations	(6,804)	(4,035)
Federal gas tax grant used in operations	(11,406)	(9,438)
Other government transfers	(1,961)	(6,587)
Developer and other contributions used in current operations	(36,441)	(93)
General deferred revenues used	(6,422)	(5,252)
	(84,380)	(32,888)
Balance, end of year	\$ 294,405	\$ 270,132

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

8. Employee future benefits:

(a) Health and dental benefits:

Employee future benefits include health and dental benefits that the City pays on behalf of its current and retired employees. The City recognizes these post-retirement costs as they are earned during the employees' tenure of service.

(b) Vested sick leave benefit:

Under the sick leave benefit plan available only to the City's firefighters, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment, provided they have ten years of service.

The benefit liability at December 31, 2024 of \$19,998 (2023 - \$19,069) was determined by actuarial valuation. The accrued benefit liability and the expense for the year ended December 31, 2024 were based on assumptions used for the December 31, 2024 actuarial valuation.

An actuarial loss is being amortized on a straight-line basis over the expected average remaining service life, estimated to be 15 years for firefighter and 14 years for City and library employees.

The significant actuarial assumptions employed in the actuarial valuations are as follows:

(i) General inflation:

Future general inflation levels were assumed to be 1.75% in 2024 and thereafter.

(ii) Interest (discount) rate:

The present value as at December 31, 2024 of the future benefits was determined using a discount rate of 3.25%. This corresponds to the assumed inflation rate plus an assumed rate of return of 1.50%.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

8. Employee future benefits (continued):

(iii) Health costs:

The 12-month ending March 31, 2020 combined (active and retiree) health cost rates, projected to July 1, 2022, are used as the basis for projecting the future retiree health cost rates. The management assumption for the annual health cost rate escalation for the City is 4.4167% for 2023 vs. 2022 and decreasing by 0.3333% per year over the following 5 years, to 2.75% in 2028 vs. 2027 and later.

(iv) Dental costs:

Dental costs were assumed to increase at 2.75% per year for 2023 and thereafter.

(c) Workplace Safety and Insurance Board ("WSIB") liability:

The City is a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees.

The Workplace Safety and Insurance Board liability at December 31, 2024 of \$8,576 (2023 - \$7,927) was determined by an actuarial update for the year ended December 31, 2024.

The significant actuarial assumptions employed in the actuarial valuations are as follows:

(i) Interest (discount) rate:

The present value as at December 31, 2024 of the future benefits was determined using a discount rate of 3%.

(ii) WSIB administration rate:

The WSIB administration rate at December 31, 2024 is set at 23% which reflects 21% for Schedule 2 administration fees and 2% for physician fees.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

8. Employee future benefits (continued):

Information about the City's employee future benefits liability is as follows:

	Retiree	WSIB	2024	2023
Accrued future benefits liability, beginning of year	\$ 19,069	\$ 7,927	\$ 26,996	\$ 25,562
Current service costs	1,187	990	2,177	2,091
Interest accrued	679	334	1,013	987
Benefits paid during the year	(1,194)	(1,096)	(2,290)	(2,274)
Amortization of actuarial loss	257	421	678	630
Employee future benefits liability, end of year	\$ 19,998	\$ 8,576	\$ 28,574	\$ 26,996
Accrued benefit obligations	\$ 21,559	\$ 11,429	\$ 32,988	\$ 32,088
Unamortized actuarial loss	(1,561)	(2,853)	(4,414)	(5,092)
Employee future benefits liability, end of year	\$ 19,998	\$ 8,576	\$ 28,574	\$ 26,996

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

9. Accumulated surplus:

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

	2024	2023
Surplus:		
Operating funds	\$ 12	\$ 6,350
Unspent capital funds	6,756	4,427
Invested in tangible capital assets	1,042,498	999,412
Employees future benefits	(28,574)	(26,996)
Unfunded library's vacation pay	(123)	(155)
Increase in ARO	(3,958)	(3,929)
Remeasurement gains	14,241	6,394
	1,030,852	985,503
Reserves set aside for special purposes by Council:		
Elections	461	200
Contingencies	19,520	12,149
Acquisition of tangible capital assets	16,298	14,512
Operations and special purposes	33,329	32,356
	69,608	59,217
Reserve funds set aside for special purposes by Council:		
Acquisition of tangible capital assets	158,183	160,180
Insurance	3,440	2,978
WSIB	5,036	5,419
Firefighters' sick leave	1,285	1,028
Operating and special purposes	118,432	116,562
	286,376	286,167
Total accumulated surplus	\$ 1,386,836	\$ 1,330,887

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

10. Taxation:

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. The Municipal Council establishes the tax rates annually, incorporating amounts to be raised for local services, the requisitions made by the Region of York in respect to regional services and amounts the City is required to collect on behalf of the School Board(s) in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the City upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no collection risk.

11. Grants and government transfers:

	2024	2023
Government of Canada	\$ 11,769	\$ 9,570
Province of Ontario	3,723	6,617
Other grants	512	1,597
	\$ 16,004	\$ 17,784

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

12. Segment information:

The Corporation of the City of Richmond Hill is a diversified municipal government institution that provides a wide range of services to its residents, including water, fire, library and arena. For management reporting purposes the municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to accomplish certain objectives in accordance with special regulations, restrictions or limitations. City services are provided by departments/divisions and their activities are reported in these funds. For additional information, see the Consolidated Schedule of Segmented Disclosures (Schedule 1). Divisions that have been separately disclosed in the segmented information as follows:

(a) General government:

The Corporate and Financial Services department is primarily responsible for the provision of internal services that support the work of management and staff across all municipal departments as well as for the provision of external services to the public. These services are provided through governance and corporate finance.

(b) Protection to persons and property:

Protection to persons and property is comprised of the Fire and Emergency Services, Building and Community Standard divisions. The Fire Service is responsible providing fire suppression service; fire prevention, training and other emergency services to the City. The Fire and Emergency Services respond to a variety of calls including fires, medical assistance, rescue, auto extrication, public assistance, spills and release of materials hazardous to the environment.

The Building and Community Standard division ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards, parking, and by-law for the protection of occupants.

(c) Transportation services:

The Infrastructure and Engineering Services department provides the majority of the capital transportation services, such as road design construction, maintenance, and assessment of infrastructure. The roads section of the Community Services ("CS") department is responsible for the maintenance of all municipal roads, sidewalks, storm sewers, road and sidewalk snow clearing and winter control.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

12. Segment information (continued):

(d) Environmental services:

The Infrastructure and Engineering Services department and Public Works Operations of the Community Services department provide environmental services. The Infrastructure and Engineering Services is responsible for the capital design and construction of water, wastewater and sewer infrastructure. The operation and maintenance of the City's water, wastewater and sewage infrastructure is the responsibility of the Public Works Operations Division of the Community Services Department.

(e) Health and social services:

The expenses grouped in this segment relate primarily to services and contributions to seniors and voluntary organizations.

(f) Recreation and cultural services:

The Community Services department provides public services that contribute to neighborhood development and sustainability through the provision of parks operations, recreation, and leisure services such as fitness, skating and aquatic programs. The department also contributes towards information and services provided by Richmond Hill Library Board are also included.

(g) Planning and development:

The Development Planning, Policy Planning and Building division in Planning and Building Services department manage urban development, local neighborhood planning, community development and heritage matters. It deals with planning from a broad policy perspective, formulating and promoting long-term planning policy. The Heritage Richmond Hill ("HRH") Committee provides advice on heritage matters, as well as recommendations to Council under the Ontario Heritage Act with respect to the heritage designation of properties. The Development Planning division processes and makes recommendations on development applications. Such applications include official plan and zoning by-law amendments, plans of subdivisions and site plans. The Committee of Adjustment processes applications related to minor variances and consents to sever parcels of land.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

12. Segment information (continued):

For each reporting segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

13. Classification of expenditures by object:

The consolidated statement of operations presents the expenditures by function, whereas the following classifies those same expenditures by object:

	2024	2023
Salaries, wages and employee benefits	\$ 148,677	\$ 139,972
Operating materials and supplies	52,422	40,659
Contracted services	93,277	87,572
Rents and financial expenses	4,132	3,833
External transfers to others	923	816
Amortization of tangible capital assets	43,352	40,497
Total expenditures by objects	\$ 342,783	\$ 313,349

14. Pension agreements:

The City is required to participate in and make contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of 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. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million with respect to benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

14. Pension agreements (continued):

The contribution rate for 2024 was 9% (2023 - 9.0%) up to Canada Pension Plan ("CPP") earnings limit and 14.6% above CPP earnings limit (2023 - 14.6%). The amount contributed to OMERS for 2024 was \$10,963 (2023 - \$10,261) for current service and is included as an expenditure on the consolidated statement of operations.

CPP earning's limit ("Year's Maximum Pensionable Earnings" or "YMPE") in 2024 was \$68,500 (2023 - \$68,500).

15. Commitments:

(a) The City has entered into various contracts for maintenance and repairs of City's infrastructure. The obligations over the remaining life of these contracts are as follows:

2025	\$ 12,317
2026	3,651
2027	57
	<hr/>
	\$ 16,025

(b) For the supply and delivery of insurance and the remaining obligations are as follows:

2025	\$ 310
2026	310
2027	310
2028	310
2029	182
	<hr/>
	\$ 1,422

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

15. Commitments (continued):

- (c) The City continues to be in a contract for the handling of garbage, recycling materials and snow removal. The obligations over the remaining life of this contract are as follows:

2025	\$ 9,125
2026	8,304
2027	3,732
2028	1,658
2029	412
	<hr/>
	\$ 23,231

- (d) The City has entered into contracts for the construction of major tangible capital assets. The unpaid portion of these contracts amounted to \$51,855 as at December 31, 2024 (2023 - \$26,235).

- (e) The City continues to be in a common area maintenance agreement for the City hall building. The obligations over the remaining life of this contract are as follows:

2025	\$ 238
2026	243
2027	248
2028	253
2029-2030	521
	<hr/>
	\$ 1,503

- (f) The City has entered into various security, janitorial and consulting contracts. The obligations over the remaining life of these contracts are as follows:

2025	\$ 1,303
2026	1,006
2027	528
2028	391
2029-2034	620
	<hr/>
	\$ 3,848

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

15. Commitments (continued):

- (g) The City has entered into contracts for shelter for domestic animals and control wildlife services. The obligations over the remaining life of these contracts are as follows:

2025	\$	552
2026		42
		\$ 594

- (h) The City has entered into contracts relating to environmental maintenance and the supply of materials. The obligations over the remaining life of these contracts are as follows:

2025	\$	2,036
2026		1,800
2027		454
2028		21
		\$ 4,311

- (i) The City has entered into contracts to support and protect IT hardware and software resources.

The remaining obligations of these contracts are as follows:

2025	\$	9,361
2026		3,847
2027		2,254
2028		1,138
2029		149
		\$ 16,749

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

15. Commitments (continued):

- (j) The City has entered into contracts for the delivery and supply of material and supplies. The remaining obligations of these contracts are as follows:

2025	\$	981
2026		604
2027		324
2028		131
2029		71
		<hr/>
		\$ 2,111

- (k) The City has entered into a rental contract with York Region Standard Condominium Corp #1365 and #1314. The space rented is used for recreation purpose. The remaining obligations of these contracts are as follows:

2025	\$	7
2026		7
		<hr/>
		\$ 14

16. Contingencies:

The City is the defendant in several legal actions claiming personal, property and other damages. Many of these claims are being handled by the City's insurers. The outcome of these actions is not determinable as at the date of reporting and accordingly, to the extent not covered by insurance or inclusion in the consolidated financial statements, management is of the opinion that no liability would be material to the City's financial position.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

17. Budget figures:

Budget data presented in these consolidated financial statements are based upon the four operating and capital budgets as approved by Council and adopted by the City on December 13, 2023.

The budgets originally approved by City Council for 2024, for the current year was prepared on a modified accrual basis and has been restated on the consolidated statement of operations to conform with the Canadian Public Sector Accounting Standards except for the effect of amortization of tangible capital assets. A reconciliation of the adopted and reported budgets is presented below:

Adopted budget:

Budgeted annual surplus for the year (per Decision Number: 20-23, 21-23, 22-23).

Adjustments to adopted budget:

Decrease in reserves and reserve funds	\$ (18,057)
Amortization of tangible capital assets	(40,314)
Acquisition of contributed tangible capital assets	15,836
Restated budgeted annual deficit	<u>\$ (42,535)</u>

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

18. Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, or betterment of the asset.

	2024	2023
	Net book value	Net book value
General:		
Land	\$ 127,097	\$ 127,097
Land improvements	79,807	79,335
Buildings	177,240	183,183
Vehicles	11,699	10,218
Machinery and equipment	27,042	27,280
Other	4,406	4,315
	427,291	431,428
Infrastructure:		
Land	14,309	14,309
Road network	137,121	141,063
Water network	85,260	78,182
Wastewater network	57,183	57,540
Storm water network	182,469	171,806
	476,342	462,900
Work in progress	138,865	105,084
	\$ 1,042,498	\$ 999,412

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Notes to Consolidated Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2024

18. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

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

The value of contributed tangible assets received during the year is \$14,518 (2023 - \$8,178) comprised of land improvement \$765 (2023 - nil), roads infrastructure \$482 (2023 - \$2,005), storm water \$13,193 (2023 - \$4,345) and water and wastewater infrastructure in the amount of \$78 (2023 - \$1,828).

(b) Capital work in progress ("WIP"):

Tangible capital assets under construction are not amortized until the assets are available for productive use. The value of WIP at the end of year is \$138,865 (2023 - \$105,084).

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 2).

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Schedule 1 - Consolidated Schedule of Segmented Disclosure (In thousands of dollars)

Year ended December 31, 2024

	General government	Protection to persons and property	Trans- portation services	Environ- mental services	Health and social services	Recreation and cultural services	Planning and development	Consolidated
Expenses								
Salaries, wages and employee benefits	\$ 31,733	\$ 43,319	\$ 13,060	\$ 14,761	\$ —	\$ 35,343	\$ 10,461	\$ 148,677
Operating materials supplies	14,554	2,084	12,678	7,887	—	15,056	163	52,422
Contracted services	2,684	1,023	4,059	80,210	—	5,178	123	93,277
Rents and financial expenses	2,236	86	796	870	—	144	—	4,132
External transfers to others	7	—	—	—	481	291	144	923
Amortization expenses	4,781	1,373	10,510	11,293	—	15,395	—	43,352
Total expenses	55,995	47,885	41,103	115,021	481	71,407	10,891	342,783
Revenue								
Tax revenue	25,212	22,870	15,043	51,004	236	27,511	5,355	147,231
User charges	2,046	1,939	736	101,770	—	14,761	2,830	124,082
Grants	3,166	—	6,298	1,169	—	4,960	411	16,004
Permits, penalties, rents and other	9,732	9,880	8	53	—	7,499	550	27,722
Investment income	13,119	—	5,047	5,352	—	1,088	922	25,528
Developer and other	2,190	294	12,460	1,501	—	14,194	5,161	35,800
Contributed TCA	—	—	482	13,271	—	765	—	14,518
Total revenue	55,465	34,983	40,074	174,120	236	70,778	15,229	390,885
Annual surplus (deficit)	\$ (530)	\$ (12,902)	\$ (1,029)	\$ 59,099	\$ (245)	\$ (629)	\$ 4,338	\$ 48,102

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Schedule 1 - Consolidated Schedule of Segmented Disclosure (continued)

(In thousands of dollars)

Year ended December 31, 2023

	General government	Protection to persons and property	Trans- portation services	Environ- mental services	Health and social services	Recreation and cultural services	Planning and development	Consolidated
Expenses								
Salaries, wages and employee benefits	\$ 29,801	\$ 40,707	\$ 13,229	\$ 14,002	\$ —	\$ 32,660	\$ 9,573	\$ 139,972
Operating materials supplies	11,735	1,690	7,363	5,438	—	14,320	113	40,659
Contracted services	2,616	1,050	4,219	75,358	—	4,117	212	87,572
Rents and financial expenses	2,439	51	380	814	—	149	—	3,833
External transfers to others	5	—	—	—	450	291	70	816
Amortization expenses	4,860	1,336	10,531	8,204	—	15,566	—	40,497
Total expenses	51,456	44,834	35,722	103,816	450	67,103	9,968	313,349
Revenue								
Tax revenue	22,579	19,673	12,914	46,116	198	31,642	4,374	137,496
User charges	1,951	1,606	480	96,763	—	12,396	2,295	115,491
Grants	7,300	—	4,326	934	—	4,822	402	17,784
Permits, penalties, rents and other	8,328	8,068	3	77	—	7,191	249	23,916
Investment income	12,328	—	2,861	3,138	—	354	635	19,316
Developer and other contribution	3,158	1,464	4,491	915	—	8,636	4,376	23,040
Contributed TCA	—	—	2,004	6,174	—	—	—	8,178
Total revenue	55,644	30,811	27,079	154,117	198	65,041	12,331	345,221
Annual surplus (deficit)	\$ 4,188	\$ (14,023)	\$ (8,643)	\$ 50,301	\$ (252)	\$ (2,062)	\$ 2,363	\$ 31,872

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Schedule 2 - Consolidated Schedule of Tangible Capital Assets (In thousands of dollars)

Year ended December 31, 2024

	Land	Land improvement	Buildings	Vehicles	Machinery and equipment	Other
General						
Cost						
Balance, end of year	\$ 127,097	\$ 160,596	\$ 362,795	\$ 28,223	\$ 59,542	\$ 13,390
Additions during the year	—	—	514	—	175	509
WIP completed	—	5,317	4,575	3,357	4,338	903
Contributed assets	—	765	—	—	—	—
Disposals during the year	—	(1,884)	(1,146)	(962)	(2,229)	(2,622)
Balance, end of year	127,097	164,794	366,738	30,618	61,826	12,180
Accumulated amortization						
Balance, end of year	—	81,261	179,612	18,005	32,262	9,075
Amortization during the year	—	5,013	10,700	1,663	4,441	1,315
Less accumulated amortization on disposal	—	(1,287)	(814)	(749)	(1,919)	(2,616)
Balance, end of year	—	84,987	189,498	18,919	34,784	7,774
Net book value of tangible capital assets	\$ 127,097	\$ 79,807	\$ 177,240	\$ 11,699	\$ 27,042	\$ 4,406

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Schedule 2 - Consolidated Schedule of Tangible Capital Assets (continued)

(In thousands of dollars)

Year ended December 31, 2024

	Land	Roads	Water	Stormwater	Wastewater	Work in progress	Total
Infrastructure							
Cost							
Balance, beginning of year	\$ 14,309	\$ 420,948	\$ 109,278	\$ 255,097	\$ 79,721	\$ 105,084	\$ 1,736,080
Additions during the year	—	98	66	144	147	72,665	74,318
WIP completed	—	5,535	10,126	4,267	466	(38,884)	—
Contributed assets	—	482	62	13,193	16	—	14,518
Disposals during the year	—	(640)	(1,207)	(582)	(2)	—	(11,274)
Balance, end of year	14,309	426,423	118,325	272,119	80,348	138,865	1,813,642
Accumulated amortization							
Balance, end of year	—	279,885	31,096	83,291	22,181	—	736,668
Amortization during the year	—	9,733	2,533	6,941	985	—	43,324
Less accumulated amortization on disposal	—	(316)	(564)	(582)	(1)	—	(8,848)
Balance, end of year	—	289,302	33,065	89,650	23,165	—	771,144
Net book value of tangible capital assets	\$ 14,309	\$ 137,121	\$ 85,260	\$ 182,469	\$ 57,183	\$ 138,865	\$ 1,042,498

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Schedule 2 - Consolidated Schedule of Tangible Capital Assets (continued)
(In thousands of dollars)

Year ended December 31, 2023

	Land	Land improvement	Buildings	Vehicles	Machinery and equipment	Other
General						
Cost						
Balance, beginning of year	\$ 127,097	\$ 153,644	\$ 354,663	\$ 28,130	\$ 56,837	\$ 13,630
Additions during the year	—	—	240	—	16	602
Adjustment for PS 3280 ^(a)	—	—	3,911	—	—	—
WIP completed	—	8,541	3,981	290	4,143	314
Contributed assets	—	—	—	—	—	—
Disposals during the year	—	(1,589)	—	(197)	(1,454)	(1,156)
Balance, end of year	127,097	160,596	362,795	28,223	59,542	13,390
Accumulated amortization						
Balance, beginning of year	—	77,274	168,958	16,395	29,142	8,823
Amortization during the year	—	5,083	10,654	1,787	4,292	1,408
Less accumulated amortization on disposal	—	(1,096)	—	(177)	(1,172)	(1,156)
Balance, end of year	—	81,261	179,612	18,005	32,262	9,075
Net book value of tangible capital assets	\$ 127,097	\$ 79,335	\$ 183,183	\$ 10,218	\$ 27,280	\$ 4,315

^(a)See note 1(c)(i) - Change in accounting policy by adopting new standard, Liability for Asset Retirement Obligation. The increase in carrying amount of tangible capital asset is \$3,911.

THE CORPORATION OF THE CITY OF RICHMOND HILL

DRAFT Schedule 2 - Consolidated Schedule of Tangible Capital Assets (continued)

(In thousands of dollars)

Year ended December 31, 2023

	Land	Roads	Water	Stormwater	Wastewater	Work in progress	Total
Infrastructure							
Cost							
Balance, beginning of year	\$ 14,309	\$ 408,071	\$ 101,926	\$ 250,117	\$ 78,166	\$ 95,760	\$ 1,682,350
Additions during the year	—	—	45	—	—	45,384	46,287
Adjusted for PS 3280	—	—	—	—	—	—	3,911
WIP completed	—	10,876	6,646	637	632	(36,060)	—
Contributed assets	—	2,005	903	4,345	925	—	8,178
Disposals during the year	—	(4)	(242)	(2)	(2)	—	(4,646)
Balance, end of year	14,309	420,948	109,278	255,097	79,721	105,084	1,736,080
Accumulated amortization							
Balance, beginning of year	—	270,258	28,932	78,951	21,211	—	699,944
Amortization during the year	—	9,631	2,312	4,341	971	—	40,479
Accumulated amortization on disposal	—	(4)	(148)	(1)	(1)	—	(3,755)
Balance, end of year	—	279,885	31,096	83,291	22,181	—	736,668
Net book value of tangible capital assets	\$ 14,309	\$ 141,063	\$ 78,182	\$ 171,806	\$ 57,540	\$ 105,084	\$ 999,412