



## CORPORATE SERVICES

### *Staff Report*

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REPORT NO: COR-2025-07

TO: Council

SUBMITTED BY: Greg Clark, Director of Corporate Services, CFO

PREPARED BY: Greg Clark, Director of Corporate Services, CFO

REVIEWED BY: Greg Clark, Acting CAO

DATE: April 7, 2025

SUBJECT: 2023 Audited Financial Statements

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#### RECOMMENDATION:

THAT Council approves the 2023 Audited Financial Statements as included in Report COR-2025-07 2023 Audited Financial Statements.

#### SUMMARY:

The Township received a qualified opinion on its 2023 Financial Statements due to the fact that full accounting and reporting in accordance with Public Sector Accounting Standard 3280, Asset Retirement Obligations was not completed for 2023.

The balance of the Financial Statements had no qualifications, and present fairly, in all material respects, the financial position of the Township as at December 31, 2023.

An adjustment for unspent approved capital funding was made to the 2022 statements to enable a transition in 2023 to an as spent/earned basis for capital funding reporting.

#### BACKGROUND:

In accordance with the Municipal Act 2001, Section 296 Section 5, the auditor of a municipality shall report to the council of the municipality the audited financial report at the conclusion of the annual audit.

Municipalities are also required to submit a copy of the Financial Information Return (FIR) together with the audited financial statements to the Ministry of Municipal Affairs and Housing (MMAH). Finalization of the FIR is underway and will be submitted by the end of April.

### REPORT:

The Township received a qualified opinion on its 2023 Financial Statements due to the fact that full account and reporting in accordance with Public Sector Accounting Standard 3280, Asset Retirement Obligations was not completed in 2023. This standard requires municipalities to estimate future liabilities related to asset retirement, including lease end legal requirements, environmental related requirements and other legislated requirements. The Townships primary end of life liability is related to asbestos within Township facilities. The Township's Facilities team is aware of potential asbestos and all current health and safety regulations are being met. The end-of-life liability relates to how the materials will be removed at a time when full or partial demolition occurs and legislation requires that the materials be addressed. It is expected that this liability will be incorporated in the 2024 Financial Statements. Note 8 of the Financial Statements provides additional information.

The Townships Accumulated Surplus (Statement of Financial Position) increased in 2023 by \$9.7 million, this is due to an increase in Tangible Capital Assets (Note 7) of \$14.7 million. The primary sources for these Tangible Capital Assets was Deferred Revenue, Grants and Contributed Assets.

The net expenses before other income (expense) (Statement of Operations and Accumulated Surplus) was (\$4.3 million) in 2023 compared to (\$5.1 million) in 2022. This reflects that annual revenues are not sufficient to cover expenses when accounting items such as amortization are included. Amortization was \$6.6 million in 2023 and \$6.2 million in 2022. The primary offset to this expense within the Township budget is capital funding transferred to reserve funds. Increased transfers will reduce this accounting loss over time.

Graham Mathew Professional Corporation LLP was engaged by the Township to audit the financial statements of the municipality, as prepared by staff. The audit process was commenced in June of 2024, however, due to adjustments to accounting practices (Note 15) and staff capacity constraints the process has extended longer than is normal. Staff appreciate the support and patience of our auditors as we worked through this transition.

Attached to this report is the 2023 audited financial report for the Township of Wilmot, dated April 7, 2025, for information purposes.

Upon Council approval, a copy of the Township's 2023 Audited Financial Statements will be posted to the Township website.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

Financial Stability

FINANCIAL CONSIDERATIONS:

The Townships annual operating loss prior to other income is a concern, as this indicates that the cost of owning and operating the current Tangible Capital Assets is not currently fully funded. Addressing this loss through future budgets will improve the overall financial health of the organization.

ATTACHMENTS:

Attachment 1 – 2023 Financial Statements

Attachment 2 – 2023 Trust Funds Statement