



**Subject: 2023 Financial Statements Approval**

**Report Number:** FIN 24-044

Department: Finance Department

Submitted by: Renato Pullia, Interim Director of Finance / Treasurer

Meeting Type: Council Meeting

Meeting Date: Monday, September 9, 2024

**RECOMMENDATION**

- A. THAT report FIN-24-044 titled “2023 Financial Statements Approval” be received as information; and
- B. THAT the Town of Tillsonburg’s 2023 Consolidated Financial Statements, Trust Funds Statements, Sanitary Sewer and Water & Wastewater Financial Statements as audited by Millard, Rouse & Rosebrugh LLP, be approved.

**BACKGROUND**

In accordance with Section 294.1 of the Municipal Act, 2001, a municipality shall, for each fiscal year, prepare annual financial statements for the municipality in accordance with generally accepted accounting principles for local governments as recommended, from time to time, by the Public Sector Accounting Board (PSAB).

Per Section 296 (5) of the Act, the auditor of a municipality shall report to the council of the municipality. As such, this report is to provide supplementary comments to those of the auditor, who is presenting the financial statements.

**DISCUSSION**

There were 3 new PSAB standards for fiscal 2023. While PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation standards had no impact, PS3280 – Asset Retirement Obligation had a substantive impact in the level of work that went into achieving compliance with this new standard. It can be viewed as an augmentation to the asset management framework, where municipalities are now required to assess where there may be a legislative or contractual requirement to incur costs/obligation when retiring physical assets, and recording the value of such obligation on the financial statements.

Additionally, in 2022, the Canadian Auditing Standards (CASs) became more stringent, requiring further testing by auditors. The combination of the changes in both accounting standards and auditing standards has required more time and capacity to complete the audit, as well as urging reviews of our internal processes.

The 2023 Consolidated Statement of Operations shows an annual surplus of \$6,477,897. For context, the statements are required to comply with PSAB standards, which reclassify certain items that, among other things, can be excluded by municipalities' budgets under Ontario Regulation 284/09. Thus, under the traditional view of the surplus, Note 17 of the financial statements shows the Town's operating surplus as \$1,680,286. A report at the next Council meeting will look to the distribution of this operating surplus.

### **CONSULTATION**

The financial statements have been prepared alongside Millard, Rouse & Rosebrugh LLP.

### **FINANCIAL IMPACT/FUNDING SOURCE**

N/A

### **CORPORATE GOALS**

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

**Goal** – N/A – legislative requirement

**Strategic Direction** – N/A

**Priority Project** – N/A

### **ATTACHMENTS**

Appendix A – N/A