

Consolidated Financial Statements of

**THE CORPORATION OF
THE CITY OF VAUGHAN**

And Independent Auditor's Report thereon

Year ended December 31, 2024

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Vaughan

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Vaughan (the Entity), 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 change in net financial assets for the year then ended
- the consolidated statement of remeasurement gains and losses 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 Entity as at December 31, 2024, and its consolidated results of operations, its consolidated change in net financial assets, its consolidated remeasurement gains and losses, 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 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 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 Entity'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 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.

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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 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 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 24, 2025

THE CORPORATION OF THE CITY OF VAUGHAN

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash and cash equivalents	\$ 127,439,291	\$ 139,683,918
Taxes receivable	99,849,055	77,588,580
Water and sewer billings receivable	28,411,870	27,856,203
Accounts receivable	57,591,074	55,564,562
Other assets	45,334	—
Investments (note 3)	1,111,417,683	932,460,377
Investment in Hydro Vaughan Corporations (note 4)	559,994,015	651,125,611
	<u>1,984,748,322</u>	<u>1,884,279,251</u>
Financial Liabilities		
Accounts payable and accrued liabilities	179,671,502	160,565,312
Accrued interest on long-term liabilities	127,737	23,970
Employee future benefits (note 5)	197,276,172	192,516,412
Deposits and deferred revenue (note 6(a))	45,479,981	51,281,029
Deferred revenue - obligatory reserve funds (note 6(b))	767,320,263	743,625,675
Debenture and other debt (note 7)	96,565,181	104,726,989
Note payable (note 8)	3,303,523	3,303,523
Asset retirement obligation (note 10)	8,050,510	8,128,223
Liability for contaminated sites (note 11)	1,584,000	1,584,000
	<u>1,299,378,869</u>	<u>1,265,755,133</u>
Net financial assets	685,369,453	618,524,118
Non-Financial Assets		
Tangible capital assets (note 9)	10,746,544,519	10,333,479,371
Prepaid expenses	4,307,597	1,313,962
	<u>10,750,852,116</u>	<u>10,334,793,333</u>
Contractual rights (note 17)		
Commitments (note 18)		
Contingencies (note 19)		
	<u>\$ 11,436,221,569</u>	<u>\$ 10,953,317,451</u>
Accumulated surplus (note 12)	\$ 11,435,002,569	\$ 10,953,271,201
Accumulated remeasurement gains	1,219,000	46,250
	<u>\$ 11,436,221,569</u>	<u>\$ 10,953,317,451</u>

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF VAUGHAN

Consolidated Statement of Operations

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

	Budget (note 15)	2024	2023
Revenue (note 14):			
Property taxation	\$ 241,344,322	\$ 243,701,658	\$ 231,082,740
Taxation from other governments	1,300,000	1,322,972	1,313,364
Municipal accommodation tax	3,859,000	3,830,784	3,729,360
User charges	71,450,753	79,712,324	68,647,219
Water and sewer billings	200,049,413	200,404,221	192,825,790
Government transfers (note 13)	16,761,460	34,525,387	25,622,892
Investment income	3,918,079	31,232,112	25,904,011
Penalties and interest on taxes	7,500,000	11,605,277	9,761,808
Other fees and services	399,186	14,814,207	22,272,501
Contributions from developers	102,350,207	115,310,137	195,216,570
Contributed assets (note 9(b))	–	338,413,401	338,738,068
Hydro Vaughan Corporations (note 4):			
Share of net earnings	15,450,000	35,971,397	30,798,836
Interest on notes receivable	–	1,417,899	3,450,220
	664,382,420	1,112,261,776	1,149,363,379
Expenses (note 14):			
General government	46,960,910	51,167,709	47,916,942
Protection to persons and property	100,236,736	102,570,094	100,244,334
Transportation services	148,970,231	72,359,513	70,549,110
Environmental services	243,275,222	239,691,290	229,772,355
Health services	481,718	730,672	351,633
Social and family services	365,201	140,714	140,781
Recreation and cultural services	164,928,954	131,554,132	125,947,459
Planning and development	30,228,363	32,316,284	27,625,517
	735,447,335	630,530,408	602,548,131
Annual surplus (deficit)	(71,064,915)	481,731,368	546,815,248
Accumulated surplus, beginning of year	10,953,271,201	10,953,271,201	10,406,455,953
Accumulated surplus, end of year	\$ 10,882,206,286	\$ 11,435,002,569	\$ 10,953,271,201

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF VAUGHAN

Consolidated Statement of Change in Net Financial Assets

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

	Budget (note 15)	2024	2023
Annual surplus (deficit)	\$ (71,064,915)	\$ 481,731,368	\$ 546,815,248
Amortization of tangible capital assets	–	89,214,646	84,220,454
Proceeds on disposal of tangible capital assets	–	157,668	891,084
Loss on disposal of tangible capital assets	–	1,077,563	383,075
Contributed tangible capital assets	–	(338,413,401)	(338,738,068)
Acquisition of tangible capital assets	–	(165,101,624)	(305,893,756)
	(71,064,915)	68,666,220	(12,321,963)
Change in prepaid expenses	–	(2,993,635)	3,537,660
	(71,064,915)	65,672,585	(8,784,303)
Increase in accumulated remeasurement gains	–	1,172,750	46,250
Increase (decrease) in net financial assets	(71,064,915)	66,845,335	(8,738,053)
Net financial assets, beginning of year	618,524,118	618,524,118	627,262,171
Net financial assets, end of year	\$ 547,459,203	\$ 685,369,453	\$ 618,524,118

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF VAUGHAN

Consolidated Statement of Remeasurement Gains and Losses

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

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 46,250	\$ —
Unrealized gain attributable to:		
Long-term investment, structured note, designated to fair value category (note 3)	762,750	251,250
Share of other comprehensive gain (loss) from investment in government business enterprise (note 4)	410,000	(205,000)
Accumulated remeasurement gains, end of year	\$ 1,219,000	\$ 46,250

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF VAUGHAN

Consolidated Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 481,731,368	\$ 546,815,248
Items not involving cash:		
Amortization of tangible capital assets	89,214,646	84,220,454
Accretion expense (note 10)	2,717	74,708
Loss on disposal of tangible capital assets	1,077,563	383,075
Contributed tangible capital assets	(338,413,401)	(338,738,068)
Share of net earnings of Hydro Vaughan Corporations	(35,971,397)	(30,798,836)
Change in non-cash assets and liabilities:		
(Increase) in taxes receivable	(22,260,475)	(6,644,213)
(Increase) in water and sewer billings receivable	(555,667)	(2,182,675)
(Increase) in accounts receivable	(2,026,512)	(20,948,198)
(Increase) decrease in other assets	(45,334)	35,355
Increase in accounts payable and accrued liabilities	19,106,190	12,332,997
Increase (decrease) in accrued interest on long-term liabilities	103,767	(12,662)
Increase in employee future benefits	4,759,760	14,861,357
(Decrease) increase in deposits and deferred revenue	(5,801,048)	8,179,098
Increase (decrease) in deferred revenue -		
obligatory reserve funds	23,694,588	(87,655,669)
(Decrease) increase in asset retirement obligation liabilities	(80,430)	8,053,515
Contaminated sites liability	—	1,584,000
(Increase) decrease in prepaid expenses	(2,993,635)	3,537,660
	211,542,700	193,097,146
Capital activities:		
Proceeds on disposal of tangible capital assets	157,668	891,084
Acquisition of tangible capital assets	(165,101,624)	(305,893,756)
	(164,943,956)	(305,002,672)
Financing activities:		
Debenture and other debt repaid	(8,161,808)	(4,113,213)
Debenture and other debt issued	—	45,488,951
	(8,161,808)	41,375,738
Investing activities:		
(Increase) in investments, net	(178,194,556)	(65,364,601)
Repayment of Alectra Inc. unsecured note receivable	79,105,930	—
Dividend and return of capital from Hydro Vaughan Corporations	48,407,063	13,313,896
	(50,681,563)	(52,050,705)
Decrease in cash and cash equivalents	(12,244,627)	(122,580,493)
Cash and cash equivalents, beginning of year	139,683,918	262,264,411
Cash and cash equivalents, end of year	\$ 127,439,291	\$ 139,683,918
Supplemental cash flow information:		
Interest paid	\$ 4,341,959	\$ 2,450,410
Interest and dividends received	110,716,056	72,961,056

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements

Year ended December 31, 2024

The Corporation of the City of Vaughan (the "City" or "City of Vaughan") is a lower-tier municipality located in the Regional Municipality of York, 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.

1. Significant accounting policies:

The consolidated financial statements of the City of Vaughan are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the City are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity comprises all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City, except for the City's government business enterprises, which are accounted for on the modified equity basis of accounting.

The consolidated financial statements include:

- The Corporation of the City of Vaughan Public Library Board;
- Board of Management for the Kleinburg Business Improvement Area; and
- Tourism Vaughan Corporation.

Interdepartmental and inter-organizational transactions and balances between these entities have been eliminated upon consolidation.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(ii) Investments in government business enterprises:

The City's investments in Vaughan Holdings Inc., Hydro Vaughan Energy Corporation, 1446631 Ontario Inc. and Alectra Inc. ("Alectra"), collectively referred to as "Hydro Vaughan Corporations", are accounted for on a modified equity basis, consistent with the generally accepted accounting 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 City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of the Hydro Vaughan Corporations in its consolidated statement of operations, its share of the Hydro Vaughan Corporations' other comprehensive income (loss) in the City's consolidated statement of remeasurement gains and losses, with a corresponding increase or decrease in its investment asset account. Any dividends that the City receives from the Hydro Vaughan Corporations are reflected as reductions in the investment asset account.

(iii) Accounting for Regional Municipality of York (the "Region" or "Region of York") and school board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the Region and the school boards are not reflected in these consolidated financial statements. Information on amounts collected and remitted to the Region and the school boards is provided in note 2.

(iv) Trust funds:

Trust funds and their related operations administered by the City are not included in these consolidated financial statements. Information on trust funds balances is provided in note 16.

(b) Basis of accounting:

The City follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

The annual cost of owning and using tangible capital assets (estimated amortization) is deducted from annual results. That is, a portion of the cost of the asset is recognized in annual results in each of the years of its useful life.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of deposits in banks, certificates of deposits and investments with original maturities of three months or less. Cash and cash equivalents are recorded at cost with write down to market when there is a decrease in value.

(d) Investments:

Investments are recorded at cost, amortized cost, or fair value. Investment earnings are accounted for on the accrual basis. Premiums and discounts are amortized over the life of the investment. When there has been a loss of value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the consolidated statement of operations.

(e) Government transfers:

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

(f) Deposits and deferred revenue:

Deposits and deferred revenue represent user fees and charges that 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 VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Deferred revenue - obligatory reserve funds:

The City receives development charge contributions and payments in lieu of parkland under the authority of provincial legislation and City bylaws. The City also receives federal gas tax revenue and other transfer payment from other levels of governments. These funds, by their nature, are restricted in their use and, until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are incurred for the purpose for which they were collected.

(h) Pension, vacation entitlements and employee benefits:

The City accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The City does not recognize any share of the pension plan deficit based on the fair market value of OMERS assets, as this is a joint responsibility of all Ontario municipalities and their employees.

Vacation entitlements are accrued for as the entitlements are earned.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation is determined by reference to the market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to the Workplace Safety and Insurance Board ("WSIB"), are recognized immediately.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

Costs related to prior year employee services arising out of plan amendments are recognized in the year in which the plan is amended. Where applicable, the City has set aside reserve funds intended to fund these obligations either in full or in part. These reserve funds were created under municipal by-law and do not meet the definition of a plan asset under Public Sector ("PS") 3250, Retirement Benefits. Therefore, for the purposes of these consolidated financial statements, the plans are considered unfunded.

A full actuarial valuation of the post-retirement non-pension benefit obligation and the WSIB obligation was completed as at January 1, 2023 for 2023, 2024 and 2025 in accordance with the financial reporting guidelines established by PSAB.

Also, a full actuarial valuation of the non-vested sick leave benefits was completed as at April 19, 2024 for 2021 to 2025 in accordance with the financial reporting guidelines established by PSAB.

(i) Taxation and related revenue:

Property tax bills are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by City Council, incorporating amounts to be raised for local services, the requisition made by the Region in respect of regional services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes.

The assessment process includes the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenue and taxes receivable are recognized when they meet the definition of an asset, the tax is authorized and a taxable event has occurred. Property assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The City is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(j) Municipal accommodation tax:

Municipal accommodation tax revenue is recognized in the year that the tax is levied on accommodation charges by accommodation providers.

(k) Investment income:

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

(l) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met under PS 3280, Asset Retirement Obligations:

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

The City recognized the liability for the removal of asbestos in several City owned buildings, the decommissioning of underground fuel tanks, post closure landfill monitoring costs and costs associated with removal of leasehold improvements upon termination of lease agreements.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

The estimate of the asset retirement costs include costs directly attributable to the asset retirement activities and are recorded as a liability and an increase to the related tangible capital assets. Where an asset is not recognized on the consolidated statement of financial position or is not in productive use, the estimated asset retirement costs are expensed. The amount capitalized in tangible capital assets is amortized based on the estimated remaining useful life of the related assets.

The carrying value of the liability is reconsidered at each financial reporting date with changes to the timing or amount of original estimate of cash flows recorded as an adjustment to the asset retirement obligation and tangible capital assets. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the consolidated statement of operations when remediation is complete. The asset retirement obligation information is provided in note 10.

(m) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

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

Land improvements	2 - 100 years
Buildings and facilities	5 - 85 years
Machinery and equipment	5 - 35 years
Vehicles	7 - 20 years
Furniture and fixtures	7 - 15 years
Information technology	2 - 6 years
Leasehold improvements	5 - 50 years
Roads infrastructure	2 - 75 years
Water and sewer infrastructure	20 - 95 years
Buildings under capital lease	5 - 85 years

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

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

(ii) Contributions of tangible capital assets:

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

(iii) Works of art and cultural and historic assets:

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(iv) Interest capitalization:

The City capitalizes interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased tangible capital assets:

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(n) Assets:

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events from which future economic benefits are to be obtained. For the year ended December 31, 2024, all material assets have been disclosed and reported within this definition.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(o) Contingent assets:

PS 3320, Contingent Assets, requires disclosure of possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one or more future events occur that are not wholly within the government's control, and when the occurrence of a confirming future event is likely.

(p) Contractual rights:

PS 3380, Contractual Rights, requires disclosure of information pertaining to future rights to economic resources arising from contracts or agreements that will result in both an asset and revenues in the future. Note 17 provides disclosure regarding the nature, extent and timing of contractual rights.

(q) Related party disclosures:

PS 2200, Related Party Disclosures, requires disclosure of related party transactions 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 a material effect on the consolidated financial statements.

There were no material related party transactions to disclose for the year ended December 31, 2024.

(r) Inter-entity transactions:

PS 3420, Inter-Entity Transactions, requires disclosure of transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. All City transactions are recorded at the exchange amount, being the amount agreed to by both parties.

There were no material inter-entity transactions to disclose for the year ended December 31, 2024.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(s) Financial instruments:

Under PS 3450, the City's financial instruments are recorded at fair value on initial recognition and subsequently recorded at fair value or amortized cost.

Financial instrument assets and liabilities include cash and cash equivalents, taxes receivable, water and sewer billings receivable, accounts receivable, investments, accounts payable and accrued liabilities, debenture and other debt, and note payable. The carrying values of all financial instruments, other than investments, debenture and other debt, and note payable, approximate their fair values due to their short term nature.

All financial instrument assets are tested annually for impairment. When financial instrument assets are impaired, impairment losses are recorded in the consolidated statement of operations.

The City classifies its financial instrument assets and liabilities at cost and subsequently carries at amortized cost using the effective interest rate method, less any impairment losses on financial instrument assets, unless the City designated a financial instrument to be carried at fair value. The financial instruments information is provided in note 20.

Unrealized changes in fair value of financial instruments designated to be carried at fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, at which time they are transferred to the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

(t) Derivative financial instruments:

Derivative and equity instruments are recorded at the fair value as an asset or liability based on the quoted market prices, with changes in fair value, if any, recorded in the consolidated statement of operations.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(u) Segment disclosures:

The City adopted PS 2700, Segment Disclosures. A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City disclosed the segmented financial information in note 14.

(v) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for contaminated sites is recognized when a site is not in productive use and sites in productive use where an unexpected event resulted in contamination and the following criteria are met:

- An environmental standard exists;
- Contamination exceeds the environmental standard;
- The City is directly responsible or accepts responsibility;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. The liability is recorded net of any expected recoveries. Information on the contaminated site is provided on note 11.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(w) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Significant estimates include assumptions used in estimating the carrying values of taxes receivable and accounts receivable, provisions for accrued liabilities, liability for contaminated sites and in performing actuarial valuations of employee future benefits. The City's implementation of PS 3150, Tangible Capital Assets, requires management to make estimates of historical cost and useful lives of tangible capital assets. In addition, the City's implementation of PS 3280, Asset Retirement Obligations, requires management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, and the timing of these retirement costs. Actual results could differ from these estimates.

(x) Presentation of budget information:

The 2024 budget figures, as presented in these consolidated financial statements, consist of the operating, capital and water, wastewater and stormwater budgets as approved by City Council.

(y) Future accounting pronouncements:

This standard was not yet effective for the year ended December 31, 2024, and has therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standard update on the future consolidated financial statements.

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

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) PS 1202, Financial Statement Presentation, was approved in March 2023. This standard supersedes PS 1201, Financial Statement Presentation, 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 City's December 31, 2027 year-end).

(ii) PS 3251, Employee Benefits will replace PS 3250, Retirement Benefits and PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits. The proposed standard is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

(z) Adoption of new accounting standards:

(i) PS 3160, Public Private Partnerships ("P3"):

On January 1, 2024, the City adopted PS 3160, Public Private Partnerships prospectively. The new standard requires recognition and disclosure of transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities arising from P3 arrangements. There were no transactions to disclose for the year ended December 31, 2024.

(ii) PS 3400, Revenue:

The standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. On January 1, 2024, the City adopted the standard.

(iii) Public Sector Guideline 8, Purchased Intangibles:

The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. On January 1, 2024, the City adopted the guideline. There were no intangibles transactions to recognize as of December 31, 2024.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Operations of school boards and the Region of York:

During 2024, requisitions were made by the district school boards and the Region of York requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are not recorded in these consolidated financial statements and are summarized below:

	District school boards	The Region
Property taxes, net of adjustments and write offs	\$ 328,423,902	\$ 441,752,921
Taxation from other governments	616,034	1,140,653
Amounts requisitioned and remitted	\$ 329,039,936	\$ 442,893,574

3. Investments:

Included in investments are:

- (a) short-term investments of \$932,500,000 (2023 - \$847,500,000), comprising guaranteed investment certificates with average portfolio weighted maturity greater than three months, and under one year.
- (b) long-term investments of \$170,403,683 (2023 - \$77,209,127), comprising government and corporate bonds with maturities that are greater than one year
- (c) long-term investment in a structured note carried at fair value of \$8,514,000 (2023 - \$7,751,250).

Short-term investments have yields varying from 3.47% to 6.55% (2023 - 4.91% to 6.70%) with maturities ranging from January 9, 2025 to December 2, 2026 (2023 - January 15, 2024 to December 8, 2025).

Long-term investments have yields varying from 2.06% to 4.60% (2023 - 2.06% to 2.55%) with maturity dates from June 2, 2025 to June 2, 2037 (2023 - June 2, 2025 to December 15, 2025). Market value of investments costing \$170,403,683 (2023 - \$77,209,127) is \$170,916,646 (2023 - \$76,923,059) at December 31, 2024.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Investments (continued):

The City also has a long-term investment in a financial institution structured note. Market value of the note costing \$7,500,000 (2023 - \$7,500,000) is \$8,514,000 (2023 - \$7,751,250) at December 31, 2024. The change in unrealized gain of \$762,750 (2023 - gain of \$251,250) is reported in the consolidated statement of remeasurement gains and losses.

4. Investment in Hydro Vaughan Corporations:

The City has incorporated corporations under the provisions of the Ontario Business Corporations Act. The corporations are collectively referred to as Hydro Vaughan Corporations.

The City of Vaughan's ownership of the Hydro Vaughan Corporations is as follows:

	Interest held	
	2024	2023
Vaughan Holdings Inc. (including 100% ownership of Hydro Vaughan Energy Corporation and 20.5% (2023 - 20.5%) share interest in Alectra)	100%	100%
1446631 Ontario Inc.	100%	100%

The shareholder ownership structure of Alectra is as follows:

Shareholder	Interest held
Barrie Hydro Holdings Inc.	8.4%
Enersource Corporation	29.6%
Hamilton Utilities Corporation	17.3%
Markham Enterprises Corporation	15.0%
St. Catharines Hydro Inc.	4.6%
Vaughan Holdings Inc.	20.5%
Guelph Municipal Holdings Inc.	4.6%

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Investment in Hydro Vaughan Corporations (continued):

The following table provides condensed supplementary financial information in respect of the City's investment accounted for on a modified equity basis in Hydro Vaughan Corporations.

Financial position	2024	2023
Assets		
Current	\$ 2,163,278	\$ 33,128,447
Investments	558,444,537	620,201,967
Other	97,791	183,288
Total assets	\$ 560,705,606	\$ 653,513,702
Liabilities		
Current	\$ 711,591	\$ 2,388,091
Total liabilities	711,591	2,388,091
Shareholder's equity		
Share capital	196,859,951	196,859,952
Retained earnings and contributed surplus	363,134,064	454,265,659
Total shareholder's equity	559,994,015	651,125,611
Total liabilities and shareholder's equity	\$ 560,705,606	\$ 653,513,702

Results of operations:

	2024	2023
Revenue	\$ 36,621,548	\$ 31,180,726
Expenses	650,151	381,890
Net income	\$ 35,971,397	\$ 30,798,836
Share of other comprehensive gain (loss)	\$ 410,000	\$ (205,000)

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Investment in Hydro Vaughan Corporations (continued):

A summary of the City's investment in Hydro Vaughan Corporations is as follows:

	2024	2023
Equity	\$ 554,097,275	\$ 566,122,941
Notes receivable	5,896,740	84,133,025
Accrued interest on notes receivable	—	869,645
Investment in Hydro Vaughan Corporations	\$ 559,994,015	\$ 651,125,611

A summary of the change in the City's investment in Hydro Vaughan Corporations is as follows:

	2024	2023
Share of net earnings in Hydro Vaughan Corporations	\$ 35,971,397	\$ 30,798,836
Share of other comprehensive gain (loss)	410,000	(205,000)
Repayment of Alectra unsecured note receivable	(79,105,930)	—
Return of capital	(1,000,543)	(1,022,294)
Dividend	(47,406,520)	(12,291,602)
Net change in investment in Hydro Vaughan Corporations	(91,131,596)	17,279,940
Opening investment in Hydro Vaughan Corporations	651,125,611	633,845,671
Closing investment in Hydro Vaughan Corporations	\$ 559,994,015	\$ 651,125,611

On May 31, 2024, the City received \$78,236,285 from Alectra on the unsecured note receivable. Alectra has also paid a total of \$869,645 accrued interest on the notes receivable in 2024.

The remaining \$5,896,740 portion of the notes receivable represents an amount due from Vaughan Holdings Inc. without interest and no specified terms of repayment.

The obligations of Hydro Vaughan Corporations for the notes payable to the City are subordinated to secured credit agreements of Alectra.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefits:

The components of the liability for employee future benefits are as follows:

	2024	2023
Post-retirement non-pension benefits (d)	\$ 165,468,706	\$ 160,188,787
Non-vested sick leave benefits (e)	12,277,068	12,459,392
Vacation entitlements (c)	11,852,598	12,647,733
WSIB (b)	7,677,800	7,220,500
	<u>\$ 197,276,172</u>	<u>\$ 192,516,412</u>

(a) Pension:

The City provides a pension plan for its employees through OMERS. OMERS is a multi-employer pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The plan is a defined benefit pension plan, which specifies the amount of the retirement benefit to be received by employees based on the length of credited service and average earnings. No past service liability exists.

The City is current with all payments to OMERS. As at December 31, 2024, OMERS has a deficit of \$2.9 billion (2023 - \$4.2 billion). 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 date of the most recent filed actuarial valuation for funding purposes for the OMERS Primary Pension Plan was December 31, 2021. The next required filing of an actuarial valuation for funding purposes will be performed with a date no later than December 31, 2025.

Total OMERS contributions amounted to \$38,527,350 in 2024 (2023 - \$35,740,945), of which \$19,263,675 (2023 - \$17,870,473) represented the City's portion.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefits (continued):

(b) Workplace safety and insurance obligations:

Under the provision of the WSIB, the City is a self-insured Schedule 2 employer.

An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability of \$7,677,800 (2023 - \$7,220,500) reported in these consolidated financial statements. The City established a WSIB reserve in 2004 to mitigate the future impact of these obligations. An insurance policy was secured for single claims up to \$1,000,000.

(c) Vacation entitlements:

Under the provisions of the City's management by-law and various union agreements, vacation pay is earned during the course of employment. The accumulated liability to be paid out in the future is \$11,852,598 (2023 - \$12,647,733).

(d) Post-retirement non-pension benefits:

The City pays certain health, dental and life insurance benefits on behalf of its retired employees. The City recognizes these post-retirement non-pension benefit costs in the period in which the employee renders the services.

The projected benefit liability for active employees and retirees at December 31, 2024 of \$165,468,706 (2023 - \$160,188,787) and the expense for the year ended December 31, 2024 of \$9,178,759 (2023 - \$8,880,962) was determined by actuarial valuation using a discount rate of 4.25% (2023 - 4.25%).

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefits (continued):

Information about the City's defined benefit plan is as follows:

	2024	2023
Accrued benefit obligation, beginning of year	\$ 135,599,723	\$ 155,817,858
Actuarial gain	—	(25,977,025)
Service cost	5,279,814	5,275,350
Interest cost	5,948,034	5,654,701
Benefits paid	(3,898,840)	(5,171,161)
Accrued benefit obligation, end of year	142,928,731	135,599,723
Unamortized actuarial gain	22,539,975	24,589,064
Accrued benefit liability	\$ 165,468,706	\$ 160,188,787

Components of benefit expense:

	2024	2023
Service cost	\$ 5,279,814	\$ 5,275,350
Interest cost	5,948,034	5,654,701
Amortization of actuarial gain	(2,049,089)	(2,049,089)
Benefit expense	\$ 9,178,759	\$ 8,880,962

The main actuarial assumptions employed with the valuation are as follows:

(i) Interest (discount) rate:

The rate used to discount future benefits in the City's 2024 actuarial study is assumed to be 4.25% (2023 - 4.25%) per annum reflecting Canadian Municipal bond yields and lending rates.

(ii) Salary levels:

Future general salary and wage levels are assumed to increase at a rate management believes fairly reflects inflation.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefits (continued):

(iii) Medical costs and dental costs:

Medical and dental costs are assumed to increase at 4.20% from 2025 to 2028, 5.30% from 2029 to 2033, 5.00% from 2034 to 2038, 4.40% from 2039 to 2041, 4.00% from 2042 and thereafter.

(iv) Expected average remaining service life of the current active group is assumed to be 12 years.

(e) Non-vested sick leave benefits:

A full actuarial valuation of the non-vested sick leave benefits was completed for the 2021 to 2025 period in accordance with the financial reporting guidelines established by PSAB.

The projected non-vested sick leave liability for active employees at December 31, 2024 of \$12,277,068 and the expense for the year ended December 31, 2024 of \$757,341 was determined by actuarial valuation using a discount rate of 4.25%.

Information about the City's defined benefit plan is as follows:

	2024	2023
Accrued benefit obligation, beginning of year	\$ 11,505,338	\$ –
Adjustment recorded in the year	–	13,462,594
Amortization of actuarial loss (gain)	–	(1,666,749)
Service cost	368,093	519,987
Interest cost	484,653	401,301
Benefits paid	(939,665)	(1,211,795)
Accrued benefit obligation, end of year	11,418,419	11,505,338
Unamortized actuarial gain	858,649	954,054
Accrued benefit liability	\$ 12,277,068	\$ 12,459,392

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefits (continued):

Components of non-vested sick leave benefits expense:

	2024	2023
Service cost	\$ 368,093	\$ 519,987
Interest cost	484,653	401,301
Amortization of actuarial (gain) loss	(95,405)	71,269
Benefit expense	\$ 757,341	\$ 992,557

The main actuarial assumptions employed with the valuation are as follows:

(i) Interest (discount) rate:

The rate used to discount future benefits in the City's 2024 actuarial study is assumed to be 4.25% (2023 - 4.25%) per annum reflecting Canadian Municipal bond yields and lending rates.

(ii) Salary levels:

Future general salary and wage levels are assumed to increase at a rate management believes fairly reflects inflation.

(iii) Expected average remaining service life of the current active group is assumed to be 10 years.

6. Deferred revenue:

(a) Deposits and deferred revenue:

Deposits and deferred revenue as at December 31, 2024 is \$45,479,981 (2023 - \$51,281,029) and is made up of development security deposits and unearned recreation and licensing revenue.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Deferred revenue (continued):

(b) Deferred revenue - obligatory reserve funds:

Under PSAB accounting principles, obligatory reserve funds are to 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 the obligatory reserve funds of the City are summarized below:

	2024	2023
Recreational land (The Planning Act)	\$ 90,133,406	\$ 77,730,309
Development Charges Act	557,893,448	542,691,390
Sub-divider contributions	59,514,727	55,274,307
Federal gas tax	16,042,575	25,889,250
Building Standards Act	26,618,042	25,644,629
Ontario grants	1,528,357	1,527,966
Federal grants	15,589,708	14,867,824
	\$ 767,320,263	\$ 743,625,675

Deferred revenue - obligatory reserve funds continuity schedule:

	Opening balance	Received	Recognized as revenue	Interest allocated	Closing balance
Recreational land (The Planning Act)	\$ 77,730,309	\$ 10,931,170	\$ (1,481,491)	\$ 2,953,418	\$ 90,133,406
Development Charges Act	542,691,390	108,798,837	(116,120,537)	22,523,758	557,893,448
Sub-divider contributions	55,274,307	4,373,076	(2,389,820)	2,257,164	59,514,727
Federal gas tax	25,889,250	10,309,701	(21,240,207)	1,083,831	16,042,575
Building Standards Act	25,644,629	1,888,264	(1,989,722)	1,074,871	26,618,042
Ontario grants	1,527,966	404	(13)	—	1,528,357
Federal grants	14,867,824	—	—	721,884	15,589,708
	\$ 743,625,675	\$ 136,301,452	\$ (143,221,790)	\$ 30,614,926	\$ 767,320,263

In 2024, an internal payment of \$1,200,000 (2023 - \$1,200,000) was made to deferred revenue - obligatory reserve funds, comprising \$676,858 (2023 - \$580,572) principal and \$523,142 (2023 - \$619,428) interest related to an internal loan. Only the interest allocation has been recorded in these consolidated financial statements in accordance with public sector accounting standards.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Debenture and other debt:

The balance of the municipal debt reported in the consolidated statement of financial position is made up of the following:

	2024	2023
Debt issued by the Region on the City's behalf:		
Serial debt	\$ 2,605,600	\$ 4,814,000
Sinking fund	41,520,927	45,488,951
Debt payable to YMCA for construction of City Library and City Recreation Space in the Vaughan Metropolitan Centre	52,438,654	54,424,038
	<u>\$ 96,565,181</u>	<u>\$ 104,726,989</u>

Issuance of debenture is approved by by-law. Interest rates range from 2.19% to 4.45% and maturity dates range from September 2024 to December 2033. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

In 2023, the City issued a sinking fund debenture through the Region of York in the amount of \$45,488,951 to fund various capital projects. Annual loan re-payments of \$5,992,283 including \$2,024,258 in interest and \$3,968,025 sinking fund contributions will begin in 2024 and conclude in 2033. It is estimated that a total of \$5,808,710 in interest will be earned on the sinking fund at maturity.

In 2017, the City entered into an agreement with the YMCA of Greater Toronto to be a funding partner for the construction of a YMCA, City Library and City Recreation Space in the Vaughan Metropolitan Centre. The YMCA entered into a financing agreement with Ontario Infrastructure and Lands Corporation to obtain a construction loan for the project that converted to a term loan on July 29, 2022, which is secured by a general security agreement. The City is responsible for payment of all interest and principal in respect of its agreed upon share of the financed project costs and is the guarantor of the YMCA's obligations under the financing agreement.

As at December 31, 2024, the City's remaining share of the project financing costs is \$52,438,654 (2023 - \$54,424,038). The City paid a total of \$4,206,500 including interest of \$2,221,116 in 2024 to the YMCA for the City's portion of the term loan with Infrastructure Ontario (2023 - \$4,206,500, including interest of \$2,301,687).

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Debenture and other debt (continued):

As at December 31, 2024, the balance of YMCA's debt to Infrastructure Ontario, which is guaranteed by the City, amounts to \$8,853,169 (2023 - \$9,188,359). The term loan is a non-revolving fixed rate loan bearing interest at 4.15% with principal and interest payments due over an amortization period of 20 years, maturing July 2042. The YMCA's obligations are in good standing and no loss has been recognized.

Principal payments in the amount of \$96,565,181, less interest earned on sinking funds are as follows:

	YMCA	Region	Total
2025	\$ 2,069,362	\$ 5,270,824	\$ 7,340,186
2026	2,156,893	5,270,824	7,427,717
2027	2,248,127	3,968,024	6,216,151
2028	2,343,219	3,968,024	6,311,243
2029	2,442,334	3,968,024	6,410,358
Thereafter	41,178,719	21,680,807	62,859,526
	\$ 52,438,654	\$ 44,126,527	\$ 96,565,181

Total charges for the year for net debenture and other debt were as follows:

	2024	2023
Principal payments	\$ 8,161,808	\$ 4,113,213
Interest	4,341,959	2,450,410
	\$ 12,503,767	\$ 6,563,623

8. Note payable:

Effective November 1, 2000, the City issued a non-interest-bearing note payable with no fixed terms of repayment in the amount of \$3,303,523 to Hydro Vaughan Energy Corporation, for the book value of the capital assets less the net long-term debt related thereto retained by the City on the dissolution of Vaughan Hydro Commission.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Tangible capital assets:

	Cost					Accumulated amortization				Net book value, December 31, 2024
	Balance, beginning of year	Acquisitions	Asset retirement obligation (note 10)	Disposals and adjustments	Balance, end of year	Balance, beginning of year	Amortization	Disposals and adjustments	Balance, end of year	
2024										
Land	\$ 7,502,904,804	\$ 285,997,739	\$ —	\$ —	\$ 7,788,902,543	\$ —	\$ —	\$ —	\$ —	\$ 7,788,902,543
Land improvements	254,576,972	6,201,117	—	(21,575)	260,756,514	123,526,107	7,639,972	8,064	131,174,143	129,582,371
Buildings and facilities	422,538,451	31,943,179	—	(59,558)	454,422,072	193,463,836	13,038,461	(28,456)	206,473,841	247,948,231
Machinery and equipment	54,147,415	4,692,528	—	(2,695,645)	56,144,298	30,738,706	4,005,922	(2,471,201)	32,273,427	23,870,871
Vehicles	39,461,437	5,405,784	—	(1,947,224)	42,919,997	27,065,938	2,403,976	(1,943,694)	27,526,220	15,393,777
Furniture and fixtures	16,327,985	856,972	—	306,278	17,491,235	10,473,327	1,030,351	82,268	11,585,946	5,905,289
Information technology	17,326,049	1,620,004	—	(1,594,907)	17,351,146	13,082,337	1,875,834	(1,594,907)	13,363,264	3,987,882
Leasehold improvements	27,403,101	—	—	(1,327,296)	26,075,805	3,523,009	659,396	(1,327,296)	2,855,109	23,220,696
Roads infrastructure	1,189,055,470	49,799,543	—	(584,317)	1,238,270,696	625,302,141	33,759,180	(395,136)	658,666,185	579,604,511
Water and sewer infrastructure	1,936,413,788	54,391,171	—	(812,679)	1,989,992,280	508,862,229	23,822,520	(456,878)	532,227,871	1,457,764,409
Building under capital lease	47,972,670	—	—	—	47,972,670	1,468,551	979,034	—	2,447,585	45,525,085
Assets under construction	362,857,410	62,606,988	—	(625,544)	424,838,854	—	—	—	—	424,838,854
	\$ 11,870,985,552	\$ 503,515,025	\$ —	\$ (9,362,467)	\$ 12,365,138,110	\$ 1,537,506,181	\$ 89,214,646	\$ (8,127,236)	\$ 1,618,593,591	\$ 10,746,544,519

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Tangible capital assets (continued):

	Cost					Accumulated amortization				Net book value, December 31, 2023
	Balance, beginning of year	Acquisitions	Asset retirement obligation (note 10)	Disposals and adjustments	Balance, end of year	Balance, beginning of year	Amortization	Disposals and adjustments	Balance, end of year	
2023										
Land	\$ 7,113,439,200	\$ 389,498,176	\$ –	\$ (32,572)	\$ 7,502,904,804	\$ –	\$ –	\$ –	\$ –	\$ 7,502,904,804
Land improvements	234,207,006	17,827,180	1,484,947	1,057,839	254,576,972	116,380,847	7,051,887	93,373	123,526,107	131,050,865
Buildings and facilities	413,955,175	8,462,728	831,468	(710,920)	422,538,451	181,710,783	12,389,059	(636,006)	193,463,836	229,074,615
Machinery and equipment	50,663,157	7,158,856	138,600	(3,813,198)	54,147,415	30,412,501	4,084,118	(3,757,913)	30,738,706	23,408,709
Vehicles	39,220,619	1,013,623	–	(772,805)	39,461,437	25,695,903	2,140,340	(770,305)	27,065,938	12,395,499
Furniture and fixtures	16,145,615	1,300,013	–	(1,117,643)	16,327,985	9,672,892	922,085	(121,650)	10,473,327	5,854,658
Information technology	15,126,827	2,199,222	–	–	17,326,049	11,450,876	1,631,461	–	13,082,337	4,243,712
Leasehold improvements	27,122,801	–	315,000	(34,700)	27,403,101	2,893,270	664,439	(34,700)	3,523,009	23,880,092
Roads infrastructure	1,157,256,789	32,033,147	–	(234,466)	1,189,055,470	593,539,447	31,986,116	(223,422)	625,302,141	563,753,329
Water and sewer infrastructure	1,889,063,829	48,869,011	–	(1,519,052)	1,936,413,788	487,616,051	22,371,915	(1,125,737)	508,862,229	1,427,551,559
Building under capital lease	47,972,670	–	–	–	47,972,670	489,517	979,034	–	1,468,551	46,504,119
Assets under construction	230,030,559	133,499,853	–	(673,002)	362,857,410	–	–	–	–	362,857,410
	\$ 11,234,204,247	\$ 641,861,809	\$ 2,770,015	\$ (7,850,519)	\$ 11,870,985,552	\$ 1,459,862,087	\$ 84,220,454	\$ (6,576,360)	\$ 1,537,506,181	\$ 10,333,479,371

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$424,838,854 (2023 - \$362,857,410) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Tangible capital assets transferred from assets under construction to other asset categories during the year is \$83,838,532 (2023 - \$51,254,367).

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$338,413,401 (2023 - \$338,738,068) comprising land and land improvements of \$288,382,727 (2023 - \$287,621,558), buildings and facilities of \$5,887,746 (2023 - nil), roads infrastructure of \$14,208,137 (2023 - \$18,126,294), and water and wastewater and stormwater infrastructure of \$29,934,791 (2023 - \$32,990,216).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Leased tangible capital assets:

The building under capital lease is the YMCA Centre of Community, library and recreation centre located in the Vaughan Metropolitan Centre's Mobility Hub. This building was co-developed by public and private investments, in service and open to the public on July 1, 2022. The useful life is over the term of the lease, which is 49 years.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Asset retirement obligation:

The City's asset retirement obligation liability as of December 31, 2024 were as follows:

2024	Beginning of year	Accretion	Remediation/ monitoring	Balance, end of year
Landfill post-closure (a)	\$ 4,993,196	\$ —	\$ (80,430)	\$ 4,912,766
Buildings facilities and land remediation (b)	2,319,027	2,717	—	2,321,744
Removal of leasehold improvement (c)	315,000	—	—	315,000
Retirement of other tangible capital asset (d)	362,400	—	—	362,400
Decommission of underground fuel tanks (e)	138,600	—	—	138,600
	\$ 8,128,223	\$ 2,717	\$ (80,430)	\$ 8,050,510

(a) Landfill post-closure - The City has a landfill that is closed and expected to be monitored for approximately the next 61 years. An obligation for the monitoring costs at present value has been recorded using a discount factor of 4%.

(b) Building facilities and land remediation - The City owns and operates several buildings constructed prior to 1990 that are known to have asbestos. In 2023, the City recognized an estimated obligation of \$831,468 for the removal of asbestos upon retirement of the asset with a corresponding increase in buildings and facilities tangible capital assets. In addition, in 2023, the City recognized an estimated remediation obligation of \$1,484,947 on an acquired contaminated parcel of land, with a corresponding increase in land improvements tangible capital assets.

(c) Removal of leasehold improvement - The City has a five-year leased term at Tigi Court for Animal Services shelter facility operations. In 2023, the City estimated an obligation of \$315,000 associated with restoring the leased space to its original condition upon termination of the lease agreement, with a corresponding increase in leasehold improvements tangible capital assets.

(d) Retirement of other tangible capital asset - In 2023, the City recognized costs associated with retirement of non-productive assets and unrecognized tangible capital assets of \$362,400.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Asset retirement obligation (continued):

- (e) Decommission of underground fuel tanks - The City owns several underground fuel tanks which are currently in use. An obligation to decommission the tanks has been recognized in accordance with Ontario Regulation 213/01 Fuel Oil Regulation which requires removal at such time as they are deemed no longer in productive use, with a corresponding increase in machinery and equipment tangible capital assets.

11. Contaminated sites:

The City reports environmental liabilities related to the management and remediation of contaminated sites where the City is responsible or accepts responsibility for incurring costs. A contaminated site liability of \$1,584,000 (2023 - \$1,584,000) has been recorded based on an environmental assessment for the site where an assessment has been conducted. There are no expected recoveries.

The City's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites or changes in the assessments. Any changes to the City's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Accumulated surplus:

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2024	2023
Surplus (deficit):		
Investment in tangible capital assets	\$ 10,746,544,519	\$ 10,333,479,371
Amounts to be recovered in future years:		
From future revenue	(163,919,722)	(171,262,695)
From reserves and reserve funds on hand	(64,649,879)	(57,824,669)
Investment in Hydro Vaughan Corporations (note 4)	559,994,015	651,125,611
Asset retirement obligation (note 10)	(8,050,510)	(8,128,223)
Liability for contaminated sites (note 11)	(1,584,000)	(1,584,000)
Other	(154,927,772)	(238,634,099)
	10,913,406,651	10,507,171,296
Reserves set aside for specific purposes by City Council:		
Vehicle replacement	22,030,308	9,099,228
Fire equipment replacement	5,817,211	4,765,757
General working capital	50,544,038	14,476,610
Tax rate stabilization	14,881,348	13,854,214
Waterworks	68,106,819	64,063,790
State of good repair water	—	80,724
Wastewater (sanitary sewers)	109,676,902	97,395,179
Stormwater reserve	20,028,112	16,702,983
Keele Valley landfill	565,392	542,530
Heritage Fund	3,510,366	3,414,405
Vaughan Hospital	7,165,605	6,976,298
Employee benefits	64,649,879	57,824,669
Buildings	33,387,077	28,088,447
Roads infrastructure	6,098,638	7,390,220
Sale of public lands	9,978,652	9,552,355
Parks infrastructure	6,750,445	9,033,336
Winterization	6,123,161	5,875,558
Other	39,216,680	35,255,272
Debenture payments	11,926,276	14,094,154
Engineering	11,451,976	12,092,133
Planning	13,401,280	14,642,572
City Hall Funding	33,669	32,308
Expenditure reserve	1,089,248	298,292
Capital from taxation	16,381,836	20,595,121
	522,814,918	446,146,155
Less accumulated remeasurement gains	(1,219,000)	(46,250)
	\$ 11,435,002,569	\$ 10,953,271,201

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Government transfers:

The City recognizes the transfer of government funding as revenue in the year that the events giving rise to the transfer occurred. The government transfers reported on the consolidated statement of operations are:

	2024	2023
Provincial grants:		
Protection services	\$ 286,885	\$ 101,438
Transportation services	975,000	625,000
Environmental services	70,794	—
Recreation and cultural services	6,117,027	6,435,863
Planning and development	827,687	427,182
	8,277,393	7,589,483
Federal grants:		
General government	139,917	400,354
Transportation services	13,586,070	8,853,646
Environmental services	5,804,242	6,071,782
Recreation and cultural services	6,690,765	2,705,457
Planning and development	27,000	2,170
	26,247,994	18,033,409
	\$ 34,525,387	\$ 25,622,892

14. Segmented financial information:

The City is a diversified municipal government that provides a wide range of services to its citizens and holds a significant investment in the Hydro Vaughan Corporations. For management reporting purposes, the City's operations and activities are organized functionally based on services provided.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Segmented financial information (continued):

2024	General government	Protection to persons and property	Transportation services	Environmental services	Health, social and family services	Recreation and cultural services	Planning and development	Corporate transfers	Consolidated total
Revenue:									
Property and other taxation	\$ 39,116,713	\$ 36,453,839	\$ 25,716,872	\$ 85,187,283	\$ 309,694	\$ 46,754,887	\$ 11,485,342	\$ —	\$ 245,024,630
Municipal accommodation tax	—	—	—	—	—	—	3,830,784	—	3,830,784
User charges	6,842,911	26,761,840	967,810	2,022,620	229,497	24,700,328	18,187,318	—	79,712,324
Water and sewer billings	—	—	—	200,404,221	—	—	—	—	200,404,221
Government transfers	139,917	286,884	14,561,071	5,875,036	—	12,807,792	854,687	—	34,525,387
Investment income	4,986,019	4,646,596	3,278,006	10,858,414	39,475	5,959,621	1,463,981	—	31,232,112
Penalties and interest on taxes	1,852,713	1,726,590	1,218,047	4,034,786	14,668	2,214,485	543,988	—	11,605,277
Other fees and services	2,910,134	15,858	(3,103,293)	3,259,824	—	10,894,566	837,118	—	14,814,207
Contributions from developers	306,810	1,145,751	39,668,484	8,205,887	—	62,414,562	3,568,643	—	115,310,137
Contributed assets	—	—	273,635,035	37,553,556	—	27,224,810	—	—	338,413,401
Hydro Vaughan Corporations	—	—	—	—	—	—	—	37,389,296	37,389,296
	56,155,217	71,037,358	355,942,032	357,401,627	593,334	192,971,051	40,771,861	37,389,296	1,112,261,776
Expenses (recoveries):									
Salaries and benefits	65,512,635	81,436,629	10,941,014	10,298,538	479,850	71,864,116	24,954,157	—	265,486,939
Goods and services	29,509,835	5,238,528	17,786,985	169,267,392	221,733	26,409,690	1,870,573	—	250,304,736
Long-term debt interest	2,221,116	—	2,120,843	—	—	—	—	—	4,341,959
Other	(4,263,554)	1,667,261	(147,425)	9,400,113	36,621	(541,213)	(1,359,881)	—	4,791,922
Corporate support allocation	3,989,762	11,105,973	3,640,105	24,734,552	95,421	12,060,510	3,268,583	(58,894,906)	—
Loss on disposal of tangible capital assets	476,786	(13,813)	(406,704)	360,479	—	660,815	—	—	1,077,563
Amortization of tangible capital assets	8,822,076	3,127,905	34,907,874	24,693,388	2,086	17,634,721	26,596	—	89,214,646
Accretion/monitoring expense	—	—	—	(77,713)	—	—	—	—	(77,713)
Other capital related	3,793,959	7,611	3,516,821	1,014,541	35,675	3,465,493	3,556,256	—	15,390,356
	110,062,615	102,570,094	72,359,513	239,691,290	871,386	131,554,132	32,316,284	(58,894,906)	630,530,408
Annual surplus (deficit)	\$ (53,907,398)	\$ (31,532,736)	\$ 283,582,519	\$ 117,710,337	\$ (278,052)	\$ 61,416,919	\$ 8,455,577	\$ 96,284,202	\$ 481,731,368

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Segmented financial information (continued):

2023	General government	Protection to persons and property	Transportation services	Environmental services	Health, social and family services	Recreation and cultural services	Planning and development	Corporate transfers	Consolidated total
Revenue:									
Property and other taxation	\$ 36,926,400	\$ 35,329,299	\$ 24,863,754	\$ 80,979,099	\$ 173,542	\$ 44,387,898	\$ 9,736,112	\$ —	\$ 232,396,104
Municipal accommodation tax	—	—	—	—	—	—	3,729,360	—	3,729,360
User charges	3,818,062	19,622,516	950,826	2,604,910	193,155	23,136,267	18,321,483	—	68,647,219
Water and sewer billings	—	—	—	192,825,790	—	—	—	—	192,825,790
Government transfers	400,354	101,438	9,478,646	6,071,782	—	9,141,320	429,352	—	25,622,892
Investment income	4,115,998	3,937,977	2,771,436	9,026,328	19,344	4,947,693	1,085,235	—	25,904,011
Penalties and interest on taxes	1,551,095	1,484,010	1,044,403	3,401,530	7,290	1,864,514	408,966	—	9,761,808
Other fees and services	5,130,689	6,561	3,475,480	53,202	—	9,968,735	3,637,834	—	22,272,501
Contributions from developers	361,091	(87,374)	37,613,727	—	—	155,700,486	1,628,640	—	195,216,570
Contributed assets	—	—	297,585,241	36,627,365	—	4,525,462	—	—	338,738,068
Hydro Vaughan Corporations	—	—	—	—	—	—	—	34,249,056	34,249,056
	52,303,689	60,394,427	377,783,513	331,590,006	393,331	253,672,375	38,976,982	34,249,056	1,149,363,379
Expenses (recoveries):									
Salaries and benefits	61,238,139	80,993,906	10,970,085	9,773,361	213,295	68,399,150	22,292,563	—	253,880,499
Goods and services	27,704,051	4,929,590	20,565,226	157,440,629	185,220	25,151,112	1,417,583	—	237,393,411
Long-term debt interest	2,301,687	—	768,151	—	—	—	—	—	3,069,838
Other	(3,965,612)	50,595	(1,245,816)	9,785,871	36,621	(209,249)	(1,041,953)	—	3,410,457
Corporate support allocation	3,402,683	11,007,256	4,018,064	23,912,416	57,278	11,566,624	2,894,735	(56,859,056)	—
Loss on disposal of tangible capital assets	217,622	(10,609)	157,492	497,080	—	(478,510)	—	—	383,075
Amortization of tangible capital assets	8,712,838	2,696,150	33,044,179	23,198,240	—	16,569,047	—	—	84,220,454
Accretion expense	—	—	—	74,708	—	—	—	—	74,708
Other capital related	5,164,590	577,446	2,271,729	5,090,050	—	4,949,285	2,062,589	—	20,115,689
	104,775,998	100,244,334	70,549,110	229,772,355	492,414	125,947,459	27,625,517	(56,859,056)	602,548,131
Annual surplus (deficit)	\$ (52,472,309)	\$ (39,849,907)	\$ 307,234,403	\$ 101,817,651	\$ (99,083)	\$ 127,724,916	\$ 11,351,465	\$ 91,108,112	\$ 546,815,248

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Segmented financial information (continued):

A description of the services area for segmented financial information is as follows:

(a) General government:

General government service area includes the governance of the City, corporate administration and supporting services.

(b) Protection to persons and property:

Protection comprises the administration and operations of the Fire and Rescue Service that delivers fire suppression services, rescue services and fire prevention education. The Bylaw and Compliance department provides bylaw enforcement throughout the City. The Building Standards Department provides inspection services, plan examination services, plumbing services and the issuance of building permits.

(c) Transportation services:

Transportation services area includes the administration and operations of the Transportation and Fleet Management Department as it relates to the delivery of road maintenance services, winter control and street lighting maintenance.

(d) Environmental services:

Environmental services area includes the administration and the operation of the water, wastewater, storm water distribution system as provided by the Environmental Services Department. This section also includes the cost of potable water and wastewater services. The collection of waste and recycling materials is also provided by the Environmental Services Department.

(e) Health, social and family services:

This area consists of the maintenance of the City's cemeteries and funding for assistance to aged persons.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Segmented financial information (continued):

(f) Recreation and cultural services:

The recreation and cultural services area includes the delivery of recreational program services and cultural services provided by the Recreation Services Department. The Corporation of the City of Vaughan Public Library Board provides library services through its various library facilities. The maintenance of the City's parks network is provided by the Parks, Forestry and Horticulture Operations Department and maintenance of the City's recreation facilities is provided by the Building and Facilities Department.

(g) Planning and development:

Planning and development consist of the administration and operations of the Development Planning and Policy Planning and Special Programs Departments as it relates to the development of the City through development planning services, policy planning and urban design services.

(h) Corporate transfers:

Corporate transfers revenue is the City's share of earnings in Hydro Vaughan Corporations. The recoveries are the indirect costs for program support. The costs have been allocated to the segment based on a percentage of the total expenses incurred.

Certain allocation methodologies are employed in the preparation of the segmented financial information. Taxation, payments-in-lieu of taxes and investment income are allocated to the segments based on the actual expenses. User charges and other revenue have been allocated to the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2024 operating and capital budgets approved by City Council on December 12, 2023. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements:

	Budget amount
Revenue:	
Operating budget	\$ 378,237,010
Water, wastewater and stormwater budget	200,934,345
Capital budget	216,469,089
Less:	
Transfers from other funds	(102,576,297)
Proceeds from debt issue	(25,681,727)
Other adjustments	(3,000,000)
	664,382,420
Expenses:	
Operating budget	378,237,010
Water, wastewater and stormwater budget	200,934,345
Capital budget	216,469,089
Less:	
Transfers to other funds	(49,205,230)
Debt principal payments	(7,987,879)
Other adjustments	(3,000,000)
	735,447,335
Annual deficit	\$ (71,064,915)

16. Trust funds:

Trust funds administered by the City amounting to \$1,912,990 (2023 - \$1,831,982) are presented in a separate financial statement of trust balances and operations. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City's consolidated financial position and consolidated financial activities.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Contractual rights:

The City is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

The City has a number of federal and provincial funding agreements with estimated future funding of \$165.6 million (for the period 2025 to 2029). The City has also entered into a number of third-party contracts to provide shared services with estimated future recoveries of \$18.4 million (for the period 2025 to 2038). Future revenue from lease agreements for City-owned properties is approximately \$4.2 million (for the period 2025 to 2033).

18. Commitments:

(a) Lease and operating commitments:

The City has entered into a number of long-term contractual agreements and operating commitments, such as waste collection and snow clearing, obtaining City Council and other approvals as required. Expenses relating to these agreements are recorded in the year in which the payments are made. For these lease and operating commitments, minimum payments have been estimated as follows:

2025	\$ 44,633,376
2026	30,198,996
2027	19,384,944
2028	7,046,524
2029	2,970,887
Thereafter	4,367,624
	<hr/>
	\$ 108,602,351

(b) Loan guarantees:

The City has entered into contracted agreements to guarantee loans for the following:

- (i) for the accumulated sum not exceeding \$5.0 million with the Ontario Soccer Association. The loan balance as at December 31, 2024 is \$945,012 (2023 - \$1.4 million), is in good standing and no loss has been recognized.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Commitments (continued):

(ii) for the total obligations outstanding under the Financing Agreement between the YMCA of Greater Toronto Area and Ontario Infrastructure and Lands Corporation in connection with the construction of a YMCA, City Library and City Recreation Space in the Vaughan Metropolitan Centre, amounts of which are disclosed in note 7.

(c) Joint services agreement:

Pursuant to a joint service agreement between PowerStream and the City, which was continued by Alectra and the City, Alectra charges the City, at agreed rates, for various administrative functions related to water billing. The total commitment under the agreement for 2024 was \$1.8 million in net charges to the City by Alectra. There is currently an agreement with Alectra to continue services to the end of 2025.

(d) Capital commitments:

The City has entered into a number of contractual agreements for capital works obtaining City Council and other approvals as required. The total value of approved and outstanding capital commitments at December 31, 2024 is approximately \$229.2 million. Expenditures relating to capital works are recorded in the year in which they are incurred and measurable as a result of receipt of goods or services under/or the creation of a legal obligation.

19. Contingencies:

The City of Vaughan, in the course of its operations, is subject to claims, lawsuits and contingencies. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the City does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its consolidated financial position.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

20. Financial instruments and risk management:

(a) Financial instruments classification:

The following table provides the carrying amount information of the City's financial instruments by category. The maximum exposure to credit risk would be the carrying values, as shown below:

	Fair value	Amortized cost
Cash and cash equivalents	\$ —	\$ 127,439,291
Taxes receivable	—	99,849,055
Water and sewer billings receivable	—	28,411,870
Accounts receivable	—	57,591,074
Investments (i)	8,514,000	1,102,903,683
Accounts payable and accrued liabilities	—	(179,671,502)
Debenture and other debt	—	(96,565,181)
Note payable	—	(3,303,523)

(i) Fair value measurement hierarchy:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1 - fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the City's financial instruments are classified as Level 1, except for the City's investments in structured notes, which are classified as Level 2 financial instruments.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

20. Financial instruments and risk management (continued):

(b) Risk management:

The risks associated with the City's financial instruments and policies in managing the risks are as follow:

(i) Credit risk:

Credit risk is the risk of financial loss to the City if a debtor fails to discharge their obligation. The City's primary source of this risk relates to its cash and cash equivalents, investments, taxes receivable, water and sewer billings receivable, and accounts receivable.

The City's exposure to credit risk associated with cash and cash equivalents is assessed as low because the City's cash deposits and cash equivalents are held by Canadian Schedule 1 Chartered banks.

The City's taxes receivable exposure to credit risk is low given that the City has full priority lien status and the ability to collect outstanding property taxes through legislative processes.

The City's investments are risk-managed under the City's investment policy, which operates within the constraints of the investment guidelines issued by the Ontario Municipal Act and specifically Ontario Regulation 438/97. The City's investment policy puts limits on the permitted investments, including portfolio composition, issuer type and credit quality. The City invests in securities that meet the credit rating requirements established under the Ontario Municipal Act and ensures compliance through ongoing monitoring.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

20. Financial instruments and risk management (continued):

Accounts receivable is primarily due from automobile insurance companies, government, individuals and other corporations for services or goods the City provided. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An allowance for doubtful accounts is setup based on collection status and assessment for uncertainty. Accounts receivable that are not impaired are collectible in accordance with the Miscellaneous Accounts Receivable Collection Policy. As at December 31, 2024, the outstanding amounts were as follows:

Accounts receivable before allowance	\$ 57,667,736
Less allowance for doubtful account	(76,662)
Accounts receivable	\$ 57,591,074
Current	\$ 56,505,662
31-60 days	155,568
61-90 days	186,481
91-120 days	53,059
Over 120 days	766,966
	57,667,736
Less allowance for doubtful account	(76,662)
Accounts receivable	\$ 57,591,074

(ii) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The City's investment policy operates within the constraints of the investment guidelines issued in the Ontario Municipal Act. Diversification techniques are utilized to minimize risk.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

20. Financial instruments and risk management (continued):

(iii) Currency risk:

The City's transactions are mainly carried in Canadian dollar. The City is exposed to foreign currency risk between the Canadian dollar and foreign currency with its purchases in U.S. dollars. Financial instruments subject to foreign currency risk include cash and cash equivalents and accounts payable and accrued liabilities. The risk exposure to currency risk is low as there was a limited number of transactions. All financial assets and liabilities are denominated in Canadian dollars.

(iv) Interest rate risk:

Interest rate risk arises from changes in market interest rates which cause the potential financial loss in the fair value of financial instruments. The City is exposed to this risk in its interest-bearing investments, debenture and other debt, and note payable.

The City mitigates its interest rate risk on its debenture and other debt and note payable through fixed interest rates.

The City mitigates its interest rate risk on its investments by buying securities with varying maturities - both short term (one year and less) and long term (greater than one year).

(v) Other price risk:

Other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The City is exposed to this risk in its investment in the structured note.

(vi) Liquidity risk:

Liquidity risk is the risk associated with the City's inability to meet its financial obligations as they come due. The City mitigates the risk by monitoring cash flows from operations, the expected outflows and financing activities to ensure it has sufficient funds to meet the current and long-term financial liabilities when due.

THE CORPORATION OF THE CITY OF VAUGHAN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

20. Financial instruments and risk management (continued):

The table below shows the financial liabilities and its contractual maturities:

	Due within 1 year	Due between 1 - 5 years	Due beyond 5 years	Total
Accounts payable and accrued liabilities	\$ 149,713,393	\$ 29,958,109	\$ –	\$ 179,671,502
Debt issued by the Region	5,270,824	17,174,896	21,680,807	44,126,527
Term loan - debt payable to YMCA	2,069,362	9,190,573	41,178,719	52,438,654
	\$ 157,053,579	\$ 56,323,578	\$ 62,859,526	\$ 276,236,683

21. Comparative information:

Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted in the current year.