



Annual Financial Report



For the year ending December 31, 2022



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Prepared by: Finance Department



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TOWN OF EAST GWILLIMBURY

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2022

PREPARED BY: FINANCE DEPARTMENT

19000 Leslie Street, Sharon, Ontario Canada L0G 1V0
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INTRODUCTION

ABOUT EAST GWILLIMBURY



Located just 30 minutes north of Toronto along Highway 404, East Gwillimbury (EG) is Canada's fastest growing municipality focused on modernization, innovation, and creativity. East Gwillimbury currently has a population of 37,665 and is projected to grow to a population of approximately 127,000 people and 44,000 jobs by 2051.

East Gwillimbury was established as a Township in 1850 when several hamlets came together. It became a Town when the Regional Municipality of York was created in 1971. Although the Town has been established for more than 50 years, the individual characteristics of Queensville, Sharon, and Mount Albert communities remain, and the Town continues to preserve these spaces and their identities.

The municipality is 245 square kilometres and even when fully developed, it will remain more than 80 per cent green. The Town continues to focus on building complete communities that include parks, trails, green spaces, transportation networks, and business areas. The municipality now has 47 parks and open spaces, 280 acres of parkland, and over 50 kms of trails.

The Town's 2022 to 2026 Strategic Plan identifies the importance of providing quality programs and services and building complete communities while ensuring responsible growth and environmental protection, in a culture of municipal excellence.



CANFR PAST AWARDS



Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

**Town of East Gwillimbury
Ontario**

For its Annual
Financial Report
for the Year Ended

December 31, 2021

Christopher P. Morrell
Executive Director/CEO



Government Finance Officers Association

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ADDITIONAL ACHIEVEMENTS AND AWARDS IN 2022



The ClimateWise Building Challenge is a friendly competition between York Region buildings — leading the way on climate action by reducing their building's emissions.

The Town received the Top Ranked Municipal Buildings Award for the EG Sports Complex in 2022.



MarCom Awards honors excellence in marketing and communication while recognizing the creativity, hard work, and generosity of industry professionals.

Since its inception in 2004, MarCom has evolved into one of the largest, most-respected creative competitions in the world. Each year about 6,500 print and digital entries are submitted from dozens of countries.

The Town was awarded two MarCom Gold awards in 2022. The first category of Strategic Communications: Communications/Public Relations for the communications around National Day of Truth and Reconciliation. The second award in the category of Strategic Communications: Marketing/Promotion Campaign for the annual firefighter recruitment.



The Town received two awards from the Ontario Public Works Association in 2022. Both awards were related to the events held for National Public Works week.



The Town was recognized as a recipient of an E.A. Danby Certificate of Merit in the category of Municipal Administration for the Municipal Peak Performance Program: A Culture of Service Delivery Innovation project.

GOVERNANCE

MAYOR AND COUNCIL



The Municipal Council is comprised of the Mayor and two Councillors in each of the Town's three wards. The Mayor also represents the Town at the regional level of government.

Council is elected for a four-year term. The current term of Council began on November 15, 2022 and ends on November 14, 2026.

The Municipal Council:

- Establishes the strategic direction for the corporation
- Ensures the provision of a variety of services to meet the needs of residents in a manner consistent with community values
- Approves policies and bylaws to govern the Town
- Annually appoints interested residents to serve on various Committees and Boards to assist and advise Council on certain issues

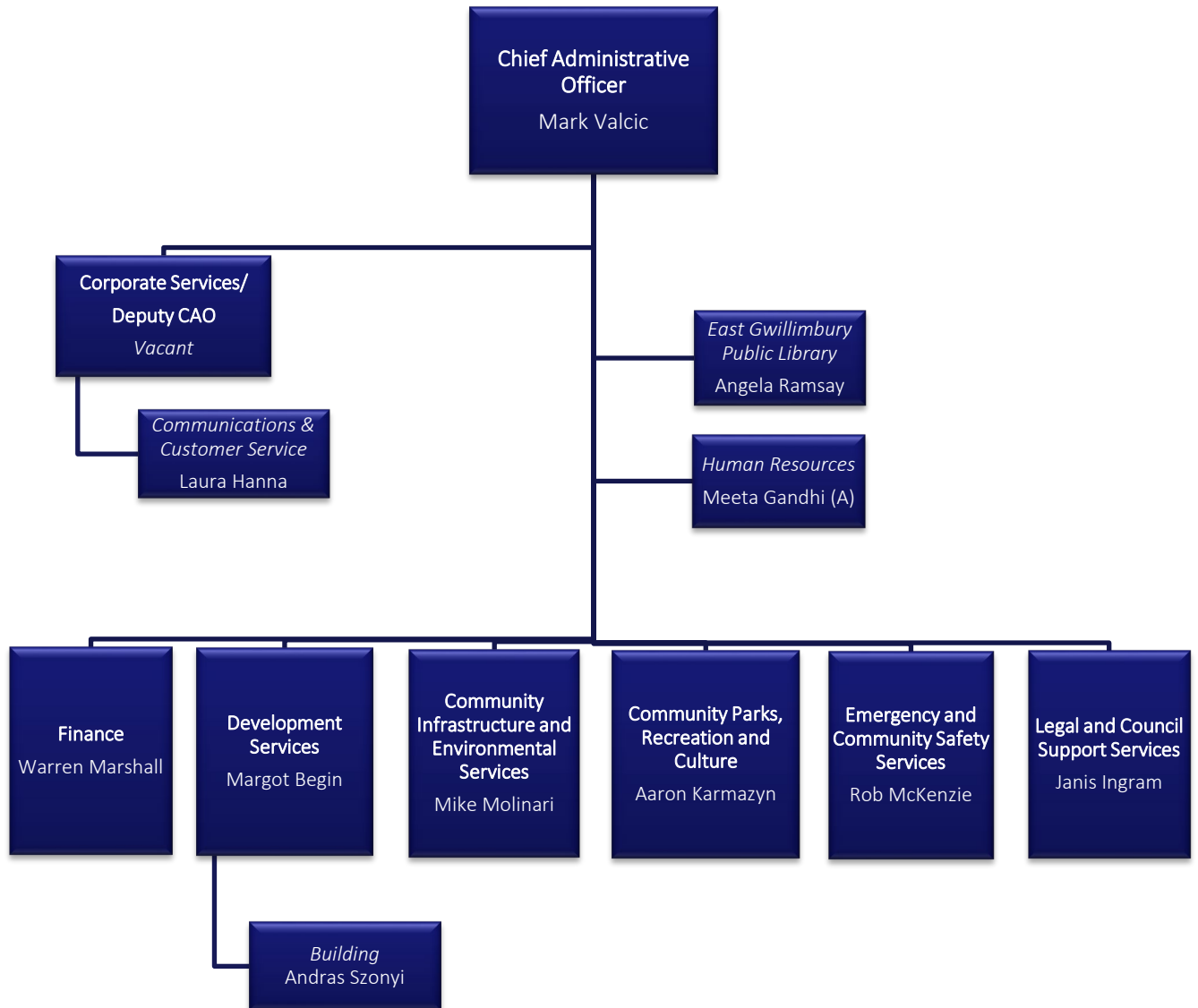


2022-2026 Council (left to right): Councillor Terry Foster, Ward 1, Councillor Lorelea Carruthers, Ward 1, Councillor Susan Lahey, Ward 3, Mayor Virginia Hackson, Councillor Scott Crone, Ward 3, Councillor Tara Roy-DiClemente, Ward 2 and Councillor Brian Johns, Ward 2

TOWN ORGANIZATIONAL STRUCTURE

The Office of the Chief Administrative Officer (CAO) and the Senior Management team (SMT), working closely with Council and the employee team, provide leadership to implement key initiatives in accordance with the Council approved Strategic Plan. SMT is committed to responsible leadership through sound fiscal management and the delivery of quality programs and services for the residents of East Gwillimbury.

Senior Management Team



MESSAGE FROM THE MAYOR



Virginia Hackson
Mayor

On behalf of Council, I'm pleased to present a snapshot of the Town's 2022 financial story. Council made a commitment to you, our residents that we will work to uphold a culture of municipal excellence as outlined in the 2018 to 2022 Strategic Plan and the 2022 Annual Financial Report reflects how we delivered on that commitment.

As part of the 2021 Census East Gwillimbury was recognized as the fastest-growing community in Canada. Creating a balanced community is at the forefront of all key decisions and we've been able to maintain the lowest relative taxes in York Region. We are proud that in 2022, our approved budget included a 0% increase for existing programs and services, and a 1% increase to support the operation of the Health and Active Living Plaza, a facility I know many are looking forward to enjoying.

In 2022, the Town was focused on getting back to business following COVID-19 and we are excited that we've done just that with the return of Town events, the opening of new parks, trails, and facilities, and modernizing how we do business. I'm proud of the work we've done and optimistic about the future of our Town. I encourage you to take some time to read through this document to gain a better understanding of how and where your tax dollars are invested into EG.

Best Wishes,

Mayor Virginia Hackson

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER



**Mark Valcic,
Chief Administrative Officer**

2022 marked an exciting year for East Gwillimbury as we shifted our efforts towards recovery and building on the modernization efforts we accelerated during the pandemic. Our population is growing, and we are committed to ensuring our programs and services are accessible for everyone. To do this, we've shifted how we do business by implementing various virtual options that allow residents to complete online payments, submit applications, check the status of Town accounts, and vote online.

As a municipality, we understand the importance of meeting residents where they are and want to ensure we remain flexible in our service delivery. The use of innovation, technology, and out-of-the-box thinking empowers us to build, plan and manage a resilient East Gwillimbury for generations to come.

How do we accomplish this? We open new facilities like the Operations Centre and future Health and Active Living Plaza, we expand our park and trail network to better connect the community, we host special events that allow neighbours to gather, we invest in our businesses by launching new programming that supports their growth and development, and we ensure our plans, policies, and procedures are up to date to effectively manage growth and development. This year alone, we've celebrated the official opening of the largest capital project in our Town's history, opened 11 new parks and trails, broke ground on the Woodbine One employment development project, held our first hybrid election, made advancements on two downtown revitalizations projects in Holland Landing and Mount Albert, completed annual road maintenance work and put an emphasis on various equity, diversity, and inclusion initiatives.

Together, these pieces make up the EG story and I applaud our staff team and their collective efforts in maintaining and keeping our diverse community going.

Mark Valcic

MESSAGE FROM THE TREASURER



Warren Marshall
Treasurer

August 31, 2023

The Town of East Gwillimbury is proud to present its Annual Financial Report, which details the Town's financial performance and highlights key accomplishments through 2022. The financial statements have been prepared in accordance with the Municipal Act, 2001, and are based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The Town approved the 2022 budget with a zero percent base tax levy increase and a one percent dedicated tax increase for service level increases in new facilities and roads and parks operations. Programs and services were managed to stay within budget for the year. The financial impacts of the pandemic were successfully mitigated and quality service levels were maintained for residents and businesses. Water rates were also frozen for the third consecutive year.

During 2022, the Town continued to focus on continuous improvement by identifying opportunities for process improvements. These included continued development and monitoring of the financial strategy for the construction of the Health and Active Living Plaza (HALP) including an agreement for developer contributions. The Town Finance Department assumed responsibility for the Library's financial processing resulting in administrative efficiencies. Online payment opportunities were expanded to offer additional convenient options for residents and businesses to interact with the Town.

The contract award for the HALP construction was issued in 2022 that allowed the largest construction project in the Town's history to move ahead. An amendment to the development charge bylaw was also completed to solidify project funding and ensure the Town was poised for financial stability into the future.

As we look forward, our financial priorities continue to focus on providing services to residents in a cost-efficient manner, managing the costs of growth and protecting the Town's strong financial position. The Town is excited to continue to build on this solid financial foundation in the years to come.

FINANCIAL DISCUSSION AND ANALYSIS

The accompanying financial statements are prepared in accordance with the Canadian public sector accounting standards published by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The Financial Report is published to provide the Town's Council, staff, residents and other readers with detailed information concerning the financial position and activities of the Corporation of the Town of East Gwillimbury (the "Town") for the fiscal year ended December 31, 2022.

There are four required financial statements:

- ❖ Consolidated Statement of Financial Position
- ❖ Consolidated Statement of Operations and Accumulated Surplus
- ❖ Consolidated Statement of Cash Flows
- ❖ Consolidated Statement of Change in Net Financial Assets

These financial statements must provide information on the cost of all Town activities, how they were financed, investing activities, as well as the assets and liabilities of the Town.

TOWN OF EAST GWILLIMBURY MANDATE

The Town of East Gwillimbury is a lower tier municipality located in York Region within the Greater Toronto Area of the Province of Ontario, Canada. As described in the notes to the consolidated financial statements, the Town conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

As a lower tier municipality, the Town provides a number of services which include, but are not limited to, local roads, water distribution and sewage collection, recreational facilities, libraries, fire and emergency services, waste and recycling collection.

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Town which comprises all of the organizations that are accountable for the administration of their financial affairs and resources to Council and are controlled by the Town. The operations of the East Gwillimbury Public Library Board have been fully consolidated in these financial statements.

MANAGEMENT RESPONSIBILITY

The Town's management is responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

The Town's management monitors and maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with



legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Town Council receives an unaudited report from management on the financial position prior to the finalization of the financial statements and audit process. Once the statements are finalized and the audit is complete, Town Council meets with management and the external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters. After these meetings, consolidated financial statements are submitted for final approval.

The consolidated financial statements have been audited by KPMG Canada LLP, an independent external auditor appointed by the Town. This is a change in audit firms from previous years, the result of KPMG being the successful bidder to a joint Request for Proposal for audit services between the Towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch-Stouffville and the Township of King. The Independent Auditor's Report, which is included in the statements, provides an unqualified opinion on the Town's consolidated financial statements for the year ended December 31, 2022. The report also outlines the auditor's responsibilities and the scope of their examination.

An audit is conducted in accordance with Canadian generally accepted auditing standards. These standards require that the auditors comply with ethical requirements necessary to plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing specific procedures chosen by the auditors to obtain audit evidence in order to verify the amounts and disclosures in the consolidated financial statements as well as to assess the risk of material misstatements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. In addition to a review of financial transactions during the audit process, an analysis of the use and related risk of the technology environment and system controls are examined.

The annual business plan and budget is an important strategic planning and control tool that is required by legislation and serves as the foundation for the Town's financial planning and control. Section 290 of the Municipal Act, 2001 requires a municipality to adopt a budget including estimates of all sums required during the year for the purpose of the municipality. The process of budget compilation commences mid-year in an effort to ensure that the Town has an approved budget in place for the start of the new fiscal year. The Town's management prepares a proposed budget which is submitted to Town Council for review and approval, generally in December of each year. Residents are involved in the budget process through surveys and public meetings.

TOWN BYLAWS, POLICIES AND CONTROLS

The Town has put in place various bylaws, policies and control procedures to support better financial management and stewardship of the Town's assets and reduce risk. These cover such activities as managing reserves, investing Town funds, procuring goods and services, determining insurance coverage and setting development charges. Provincial direction guides many aspects of municipal financial management, including the setting of development charges, debt issuance, budgeting, accounting and reporting standards.

The audit function is a key element of financial management. In addition to external audit services, internal audit services are provided through a partnership with York Region and the six northern area municipalities within the Region. In 2022 a new audit contract was awarded to KPMG for external audit services for these municipalities.

The Town must update the Development Charge Background Study and By-law to meet the requirements of the Development Charges Act, as amended by Bill 108 (More Homes, More Choice Act, 2019), Bill 138 (Plan to Build Ontario Act, 2019) and Bill 197 (COVID-19 Economic Recovery Act, 2020). As the Town prepares for the construction of the Health and Active Living Plaza, more recent construction cost estimates have been developed and identified the need to update costs included in the current development charge background study. An amendment to the 2019 Development Charge Background Study to adjust the costs for construction of the Health and Active Living Plaza and implement the required legislative changes was completed in 2022. Development charges are the main source of funding growth-related infrastructure. This amendment will help ensure the Town is collecting sufficient funds to support the costs of servicing growth.

As part of the ongoing efficiency and effectiveness of services analysis, it was identified that financial transaction processing could be consolidated between the Town and the Library. The Town assumed responsibility for Library financial processing in 2022. This resulted in a streamlined audit process, efficient financial processing and expedited year end processing.

In 2022 the Municipal Election moved to a hybrid voting method. This required frequent public engagement leading up to the election and resulted in increased voter turnout. While there was an increased cost compared to previous election years, the overall process was enhanced with greater resident outreach, communication, and an overall improved experience.

Extensive work was completed over the last few years on cannabis production facilities within the Town. The final work and required bylaw amendments were completed in 2022. These amendments restrict the location of Cannabis Production Facilities to be within the Town's employment areas that will enable the future collection of non-residential development charges as well as increased tax assessment as employment/industrial users. Permitting the use in employment areas also enables job creation and economic development in line with supported employment targets.



SIGNIFICANT ACTIVITIES AFFECTING THE 2022 FINANCIAL STATEMENTS

DEVELOPER CONTRIBUTED ASSETS

Contributed assets, excluding land, are recorded at the time the Town assumes responsibility for the maintenance of the municipal services such as roads, sidewalks and storm sewers. This usually occurs approximately three to four years from registration of the subdivision, although it may be longer depending on the development. Land is recorded earlier in the process, at the time of plan registration. Fluctuations in value of donated assets differ from year to year based on the number of plans registered, timing of subdivision assumptions and the infrastructure constructed in each subdivision in any given year. During 2022, the Town assumed the roads and infrastructure associated with various developments throughout the communities of Sharon and Holland Landing. The total value of these assets is approximately \$20 million.

DEVELOPER FUNDED CAPITAL PROJECTS

Many of the growth-related capital servicing needs arising from new development in the Town of East Gwillimbury are either constructed by developers on the Town's behalf or funded from development charges. The growth-related capital program has been increasing substantially in recent years. Key projects funded by development charges in 2022 include ongoing multi-year projects such as the construction of the Health and Active Living Plaza and downtown core revitalizations, also the completion of projects such as the regional trunk sewer surface improvements, library master plan, parking management software, and a new trail and pedestrian bridge located in Holland Landing.



2022 FINANCIAL HIGHLIGHTS

REVENUE

Overall revenue increased from 2021 by approximately \$8.6 million due to a variety of conditions.

The majority of the increase is related to the increase in contributed assets in Transportation and Environmental Services. In 2022, the roads and water/wastewater infrastructure in four subdivisions was assumed, compared with three subdivisions in 2021. This resulted in an increase in contributed capital assets of approximately \$7.8 million over 2021.

An increase of tax revenue of approximately \$1.3 million is mainly due to assessment growth on the tax roll. A tax increase of one percent was also approved in the 2022 budget year that contributed to this increase.

Increased investment revenue of approximately \$900,000 is due to an increase in short and long term investments at preferred interest rates over prior years. Grant revenue is reduced by \$1.4 million in 2022 over 2021 due to funding related to COVID and capital grant funding being received in 2021.

EXPENSES

Overall expenses increased over the previous year by \$4.3 million.

Approximately half of this increase is related to an increase in annual amortization from contributed assets in 2021. Salaries and benefit costs increased from 2021 by \$1.2 million as various programs across the Town started to return to pre-pandemic service levels. The balance of the change is related to increased supply costs for materials and contracted services in all program areas across the Town.

PLANNING FOR GROWTH



Statistics Canada: “Topping the list of the fastest-growing municipalities with at least 5,000 inhabitants in Canada was East Gwillimbury (+44.4%), a municipality on the outskirts of the Toronto census metropolitan area (CMA), evidence of the ongoing urban spread in the Toronto area.”

Official plans set the vision for long-term growth and development. The Planning Act required municipalities to regularly review their Official Plans to reflect updates to legislation and upper tier plans. The Town updated its Official Plan in 2022. Key features of the EG Official Plan include:

- Phasing and Growth Management for New Community Areas
- Updated 2051 population and employment forecasts
- Further recognition for Employment Lands, including the Bradford Bypass corridor, and promotion of the 2:1 population to employment ratio
- Performance Standards for the Village Core Area, and protection of heritage resources
- Education/Health Care Facility in Queensville
- Promotion of robust urban design policies and planning for ‘compatible’ development
- Additional Residential Unit policies
- Indigenous Land Acknowledgement and policies on diversity and inclusion
- Updated MTSA mapping developed and incorporated per Council request
- Protection of over 83% greenspace at full build out



In addition to updating the Official Plan, an Urban Design manual was created to assist with the planning process in the Town.

- The Urban Design Manual is:
 - Non-statutory and highly visual
 - Intended to be used as a reference for Council, staff and applicants for best practice approaches
 - Ensures integration with other Town standards such as Thinking Green and Parks Design
 - Provides guidelines for the public and private realm and green buildings and infrastructure

Significant analysis throughout the year was completed on the impacts of the More Homes Built Faster Act that was enacted by the Province in 2022. This act supports the government’s efforts to remedy the shortage of housing and targets the construction of 1.5 million homes over the next 10 years. It aims to remove unnecessary costs and red tape or other barriers to the construction of new homes. While the Town is supportive of efforts to increase housing supply, the Town believes that the Act will have significant impacts to the Town on a few levels, including impacts to its fiscal mandate, its planning and development processes and its responsibilities pertaining to the environment. The Town relies on revenue from development charges to plan for growth and to fund growth-related infrastructure projects. The Act has created a great deal of uncertainty in this area. Without certainty in future projected funding, the Town will need to reprioritize its infrastructure projects such as roadworks or water services that new residential construction is dependent upon. In addition to financial impacts from the Act, there are also other impacts on the planning process. The Act has introduced a significant structural change to the planning process under a two-tier municipal structure being the structure in which the Town operates. In a two-tier municipal structure, prior to the Act, the upper-tier municipality (ie. York Region), would have the responsibility of ensuring that its official plan (once approved by the province) was adhered to in the development approvals’ processes of its lower-tier municipalities. The Act has removed planning responsibilities from York Region by designating York Region as an “upper-tier municipality without planning responsibilities”. This designation will have consequential impacts to the Town’s planning and development processes.

A joint Georgina/East Gwillimbury project to explore alternatives for modernized Fire and Emergency Service delivery took place in 2022. The objectives of the project were to determine efficiencies and modernization opportunities under the terms of the Office of the Fire Marshal's three lines of defense. These include public fire safety education, fire safety standards and enforcement, and emergency response. It is proposed that three scenarios for cost efficient and effective fire and emergency services delivery should be examined to determine one of three models. The models include modernized standalone departments, shared service delivery model(s), and a consolidated composite department model. The review took the majority of the year and was completed in early 2023.



A new Climate Change Initiatives Reserve Fund was approved by Council on May 3, 2022. Council authorized the establishment of a new reserve to help mitigate unanticipated costs associated with climate change for the Town of East Gwillimbury. The purpose of the reserve is to fund, promote and maintain initiatives that mitigate the impacts of the changing climate on the Town's infrastructure, operations, or the broader community, as directed by Council.

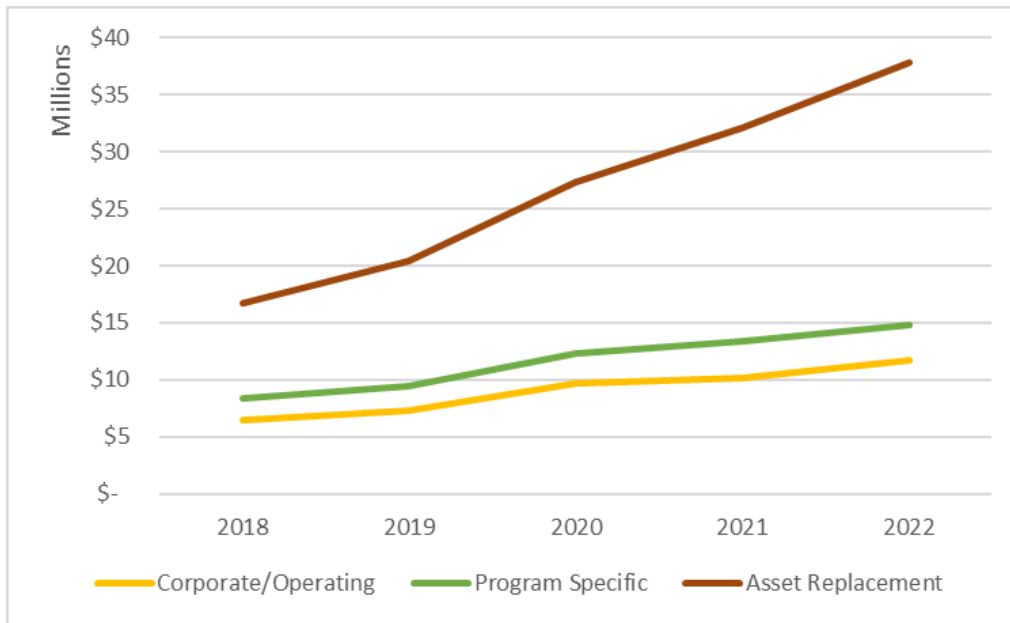
The Health and Active Living Plaza is one of the highest priority projects for service delivery for residents as indicated in the 2018 Council approved Parks and Recreation Master Plan. This project reflects the Town's commitment to deliver services that promote the health and well-being of its residents. The Health and Active Living Plaza includes the Town's first aquatics centre, library, gym, program and permit space and children's play space. The Health and Active Living Plaza incorporates numerous Thinking Green Development Standards and Council approved Net Zero design concepts making the facility the most environmentally friendly facility built by the Town. The industry leading technology will decrease energy consumption, save on operating costs and decrease greenhouse gas emissions. The construction of this facility is an important priority for the Town. Staff received Council approval in September 2022 for an award of construction contract, project management services, revised project budget and funding strategy.

LONG TERM RESERVE STRATEGY PLANNING TO SUPPORT FUTURE GROWTH

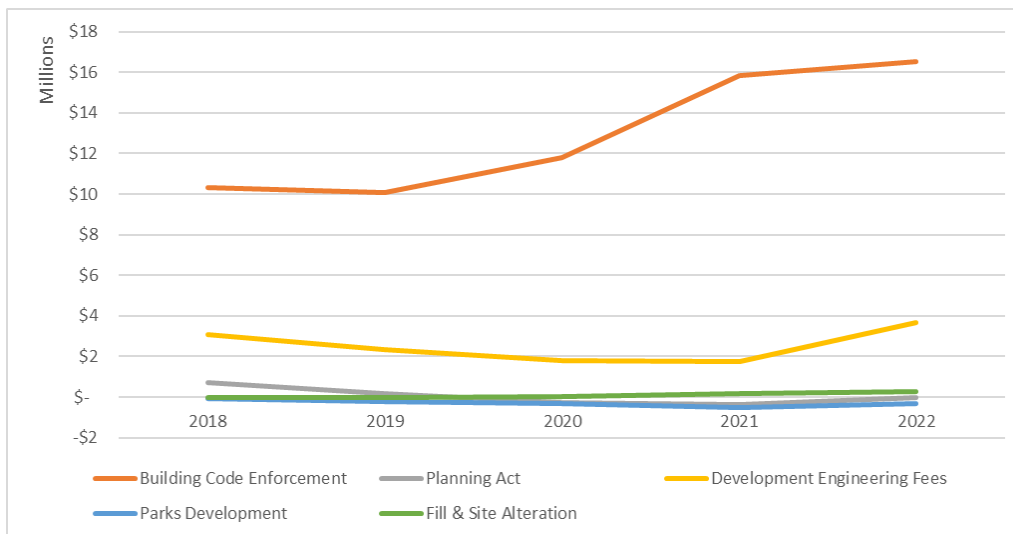
The Town continues to be in a debt free position. Future growth plans and construction may facilitate the need for financing in the future, however the Town remains in a strong financial position moving into the next phase of growth.

The following graphs demonstrate the fiscal responsibility of the Town in ensuring sufficient reserve growth to provide for future infrastructure requirements.

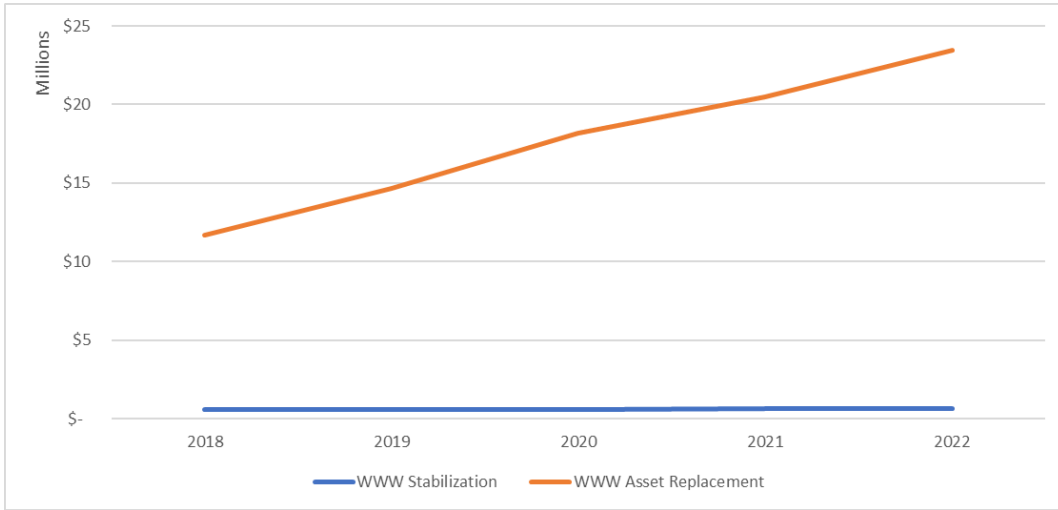
OPERATING RESERVES



FEE SUPPORTED RESERVES



WATER AND WASTEWATER RESERVES





Town of
East Gwillimbury

Consolidated Financial Statements

December 31, 2022

Our Town, Our Future



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Canada
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Fax 905-265-6390

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Council, Inhabitants and Ratepayers
of the Town of East Gwillimbury

Opinion

We have audited the consolidated financial statements of the Town of East Gwillimbury (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the 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.



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Other Matter - Comparative Information

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 21, 2022.

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.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 25, 2023





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents (note 3)	\$ 72,456,592	\$ 106,934,884
Short-term investments (note 4)	102,814,005	52,000,000
Taxes receivable	6,982,317	6,007,056
User charges receivable	868,524	1,728,211
Accounts receivable	3,589,221	2,691,264
	<u>186,710,659</u>	<u>169,361,415</u>
Financial Liabilities		
Accounts payable and accrued liabilities	8,861,618	12,841,772
Employee and elected official future salaries and benefits payable (note 5)	1,918,515	1,764,259
Deposits and deferred revenue (note 6)	10,767,780	10,243,080
Obligatory reserve funds (note 7)	67,687,408	59,925,585
	<u>89,235,321</u>	<u>84,774,696</u>
Net financial assets	97,475,338	84,586,719
Non-financial assets:		
Prepaid expenses	441,222	342,178
Tangible capital assets (note 10)	241,374,919	222,567,332
	<u>241,816,141</u>	<u>222,909,510</u>
Commitments and contingencies (notes 12 and 14)		
Accumulated surplus (note 16)	<u>\$ 339,291,479</u>	<u>\$ 307,496,229</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:


 _____ Mayor

 _____ Treasurer

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 2)	2022	2021
Revenue:			
Net taxation charges (note 8)	\$ 27,641,080	\$ 28,792,550	\$ 27,428,019
User charges	17,788,255	23,011,595	22,998,166
Charges to developers	39,907,714	10,762,540	10,798,387
Government transfers (note 9)	3,485,056	1,679,633	3,179,510
Penalties on taxes	500,000	723,477	787,797
Investment income	500,000	1,835,443	907,082
Contributed tangible capital assets	–	21,527,543	13,720,136
Other	168,665	462,535	366,505
	89,990,770	88,795,316	80,185,602
Expenses:			
General government	41,610,383	9,353,546	7,758,684
Protection to persons and property	11,042,477	9,846,267	9,340,277
Transportation services	9,824,858	9,984,453	9,386,567
Environmental services	13,440,832	16,829,268	14,891,516
Recreation and cultural services	9,951,646	9,546,951	9,434,269
Planning and development	4,565,859	1,431,282	1,840,487
	90,436,055	56,991,767	52,651,800
Annual surplus (deficit) before the undemoted	(445,285)	31,803,549	27,533,802
Gain (loss) on sale of tangible capital assets	–	(8,299)	96,403
Annual surplus (deficit)	(445,285)	31,795,250	27,630,205
Accumulated surplus, beginning of year	307,496,229	307,496,229	279,866,024
Accumulated surplus, end of year	\$ 307,050,944	\$ 339,291,479	\$ 307,496,229

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 31,795,250	\$ 27,630,205
Items not involving cash:		
Amortization of tangible capital assets	11,047,693	9,088,865
Contributed tangible capital assets	(21,527,543)	(13,720,136)
Loss (gain) on sale of tangible capital assets	8,299	(96,403)
Change in non-cash operating items:		
Taxes receivable	(975,261)	435,084
User charges receivable	859,687	1,072,555
Accounts receivable	(897,957)	1,195,144
Accounts payable and accrued liabilities	(3,980,154)	(8,220,801)
Employee and elected official future salaries and benefits payable	154,256	273,264
Deposits and deferred revenue	524,700	(267,319)
Obligatory reserve funds	7,761,823	22,661,143
Prepaid expenses	(99,044)	(153,876)
	<u>24,671,749</u>	<u>39,897,725</u>
Capital activities:		
Proceeds from sale of tangible capital assets	123,195	105,475
Acquisition of tangible capital assets	(8,459,231)	(9,269,165)
	<u>(8,336,036)</u>	<u>(9,163,690)</u>
Investing activities:		
Acquisition of short-term investments	(50,814,005)	(2,000,000)
Increase (decrease) in cash and cash equivalents	(34,478,292)	28,734,035
Cash and cash equivalents, beginning of year	106,934,884	78,200,849
Cash and cash equivalents, end of year	<u>\$ 72,456,592</u>	<u>\$ 106,934,884</u>

.See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 2)	2022	2021
Annual surplus (deficit)	\$ (445,285)	\$ 31,795,250	\$ 27,630,205
Acquisition of tangible capital assets	(132,760)	(8,459,231)	(9,269,165)
Contributed tangible capital assets	–	(21,527,543)	(13,720,136)
Amortization of tangible capital assets	–	11,047,693	9,088,865
Proceeds from sale of tangible capital assets	–	123,195	105,475
Loss (gain) on sale of tangible capital assets	–	8,299	(96,403)
	(578,045)	12,987,663	13,738,841
Change in prepaid expenses	–	(99,044)	(153,876)
Change in net financial assets	(578,045)	12,888,619	13,584,965
Net financial assets, beginning of year	84,586,719	84,586,719	71,001,754
Net financial assets, end of year	\$ 84,008,674	\$ 97,475,338	\$ 84,586,719

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2022

The Town of East Gwillimbury (the "Town") is a lower-tier municipality located in York Region within the Greater Toronto Area of the Province of Ontario. It provides essential infrastructure and services to its residents, including local roads, water distribution and sewage collection, recreational facilities, libraries, emergency services, and waste collection. The Town is governed by a municipal council comprised of seven Members of Council elected by its residents at large. 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

a) Management's responsibility for the financial statements

The consolidated financial statements of the Town are the responsibility of management and have been prepared by management in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada.

b) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Town which comprises all of the organizations that are accountable for the administration of their financial affairs and resources to Council and are controlled by the Town.

The operations of the East Gwillimbury Public Library Board have been fully consolidated in these consolidated financial statements.

All inter-organizational transactions and balances have been eliminated on consolidation.

The taxation, other revenues, expenses, assets and liabilities with respect to school boards and the Region of York are not reflected in the Town's consolidated financial statements except to record any resulting receivable or payable with the Town at year-end.

c) Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank and short-term guaranteed investment certificates (up to 181 days).

e) Government transfers

Government transfers include entitlements, transfers under shared cost agreements and grants.

Government transfers are recognized in the financial statements as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

f) Use of estimates

The preparation of these consolidated financial statements in conformity with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include allowance for doubtful accounts, the useful life and valuation of tangible capital assets, contingent liabilities, employee future benefits, taxes receivable, accrued receivables liabilities, and the fair value of contributed tangible assets. Actual results could differ from those estimates as additional information becomes available in the future.

g) Employee future benefits

Employee future benefits include health and basic dental coverage that the Town pays on behalf of its current and retired employees. The Town records these future benefits as they are earned during the employee's tenure of service. The Town also estimates future benefits relating to accumulated vacation and overtime as they are earned but not yet paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

h) 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 attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Transportation infrastructure	5-75 years
Environmental infrastructure	15-75 years
Facilities	20-100 years
Vehicles	5-15 years
Machinery and equipment	3-25 years
Land improvements	15-50 years

Amortization is pro-rated to six months in the year of acquisition and in the year of disposal. Capital work in progress is 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 when fair value can be reasonably estimated. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at the time of title transfer and as approved by council.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

Machinery and equipment	3-25 years
-------------------------	------------

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight line basis.

j) Deferred revenue – obligatory reserve funds

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These accounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges, parkland, Federal Gas Tax, Ontario Municipal Partnership, main street revitalization, cannabis legalization and technology modernization funding under the authority of provincial and federal legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue.

k) Investment income

Investment income is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Budget figures

The budgets originally approved by the Town for 2022, adjusted as noted below, are reflected on the Consolidated Statement of Operations and the Consolidated Statement of Changes in Net Financial Assets.

- Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on actual amounts, as neither the cost of the contributed tangible capital assets nor the revenue was included in the original council approved budget.
- Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in Consolidated Statement of Operations under the appropriate functional expense category, while those recognized as tangible capital assets are included in the Consolidated Statement of Change in Net Financial Assets.

Budget figures have been restated for purposes of these consolidated financial statements to comply with PSAB reporting requirements and are not audited.

m) Pension Plan

The Town is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Town has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Town records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Revenue recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established. User fees and other revenues are reported as an accrual basis.

Conditional grant revenue is recognized to the extent the conditions on it have been fulfilled. Unconditional grant revenue is recognized when the funds have been received.

Developer credit agreements relating to assets transferred to the Town are recognized as revenue as the related developer credits are owed on associated building permits.

o) Front ended contract liabilities

Front ended contract liabilities arise from contractual obligations with developers and are recorded at the time the asset is assumed by the town. The liability is reduced by annual payments made to the developer based on the proportionate share of development charge receipts for the applicable service component received in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

2 BUDGET RECONCILIATION

The authority of Council is required before monies can be spent by the Municipality. Approvals are given in the form of an annual budget. The budget approved by Council differs from the budget in the Consolidated Statement of Operations. The difference is due primarily to the capitalization of tangible capital assets. A supplementary Capital budget was approved subsequent to the initial budget approval. The budget has also been adjusted to account for material changes due to PSAB reporting requirements.

	Revenue	Expenses
Operating fund and capital budget	\$ 89,990,770	\$ 89,990,770
Transfer to/from other funds	–	7,751,974
Total Council approved budget	89,990,770	97,742,744
Less tangible capital assets capitalized	–	(7,306,689)
Adjusted budget per consolidated statement of operations	\$ 89,990,770	\$ 90,436,055

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of deposits held at financial institutions and petty cash.

4 SHORT TERM INVESTMENTS

	2022	2021
Guaranteed investment certificates, interest rate between 1.60% and 5.00% (2021 - 1.60% and 1.97%)	\$ 102,814,005	\$ 52,000,000
Maturing by:		
March 2022	\$ –	\$ 30,000,000
March 2023	10,000,000	–
April 2023	10,000,000	–
March 2024	25,000,000	10,000,000
April 2024	10,000,000	–
March 2025	15,518,500	10,000,000
March 2026	17,295,505	2,000,000
March 2027	15,000,000	–

Short term investments market value is \$101,961,958 (2021 - \$52,437,125).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

5 EMPLOYEE AND ELECTED OFFICIAL FUTURE SALARIES AND BENEFITS PAYABLE

The Town provides certain employee and elected official benefits that will require funding in future periods. The Town pays certain health and dental benefits to the age of 65 on behalf of those retired employees that were employed by the Town for 25 years or more. The liability recorded by the Town has been determined by an actuarial study completed in 2021 which covers the period from 2020 to 2023.

The Town recognizes the cost of its post retirement non-pension benefit costs and vacation entitlement obligations, in the period in which the employee rendered the services.

The Town has a “pay for performance program” for senior management that is paid in the subsequent fiscal period based on an evaluation of accomplishments for the fiscal year. The cost of the “pay for performance” program is recognized in the period in which the employee rendered the services.

The Town also pays severance to elected officials based on length of continuous service to a maximum of six months remuneration. Severance cost obligations for elected officials are recognized in the period in which the elected official rendered the services.

	2022	2021
Vacation pay and banked overtime	\$ 1,107,685	\$ 1,004,344
Council severance	104,364	127,052
Accrued post retirement non-pension benefits	660,442	583,463
Pay for performance program	46,024	49,400
Total employee future benefits payable	\$ 1,918,515	\$ 1,764,259

As recommended by PSAB, the projected benefit method pro-rated on services has been adopted to attribute the cost of non-pension retirement benefits to the periods of employee service.

Under this method, the present value of all fiscal 2022 and later costs (premiums) to be paid by the Town for each active and retired employee for non-pension retirement benefits, as at December 31, 2022, are pro-rated. They are pro-rated over the employee’s service from the date of employment to the date the employee first becomes eligible to receive the benefit.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

5 EMPLOYEE AND ELECTED OFFICIAL FUTURE SALARIES AND BENEFITS PAYABLE (CONTINUED)

General Inflation

Future general inflation levels were assumed to increase at 1.75% (2021 – 1.75%) per year.

Interest (discount) rate

The present value of the post employment benefit liability was determined using a discount rate of 3.25% (2021 – 3.25%).

Health costs

Health costs were assumed to increase at an average increase of 5.4168% for 2022 reducing by 0.333% per year to reach 3.75% per year starting in 2027 (2020 – 5.75010%).

Dental costs

Dental costs were assumed to increase at an average increase of 3.75% (2021 – 3.75%) per year

6 DEPOSITS AND DEFERRED REVENUE

The Town has total deposits and deferred revenues of \$10,510,399 (2019 – \$9,577,151). Deferred revenue represents \$6,102,540 with the balance being held as deposits. Deferred revenue is comprised of contributions made to the Town for various purposes. The balances in the deferred revenue of the Town are summarized below:

	2022	2021
Balance, beginning of year	\$ 7,110,597	\$ 6,102,540
Contributions received	1,634,210	1,823,162
Amounts recognized as revenue	(1,471,023)	(815,105)
Balance, end of year	\$ 7,273,784	\$ 7,110,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

7 OBLIGATORY RESERVE FUNDS

The balances in the obligatory reserve funds of the Town are summarized below:

	2022	2021
Development charges, opening balance	\$ 54,917,426	\$ 33,933,357
Add:		
Developer contributions	12,623,129	36,288,215
Interest earned	1,248,125	555,508
Deduct:		
Amounts used for eligible capital projects	(7,523,061)	(5,466,484)
Credit issued	(634,251)	(10,393,170)
Development charges, ending balance	\$ 60,631,368	\$ 54,917,426
Parkland, opening balance	\$ 1,161,638	\$ 365,280
Add:		
Developer contributions	806,853	834,272
Interest earned	34,190	9,529
Deduct:		
Amounts used for eligible capital projects	–	(47,443)
Parkland, ending balance	\$ 2,002,681	\$ 1,161,638
Canada Community Building Fund, opening balance	\$ 3,552,264	\$ 2,550,604
Add:		
Allocation received	760,878	1,492,332
Interest earned	87,621	19,207
Deduct:		
Amounts used for eligible capital projects	(279,141)	(509,879)
Canada Community Building Fund, ending balance	\$ 4,121,622	\$ 3,552,264
Ontario Municipal Partnership Fund, opening balance	\$ 10,188	\$ 5,759
Add:		
Allocation received	1,040,889	485,579
Interest earned	9,212	50
Deduct:		
Amounts used for eligible capital projects	(263,650)	(481,200)
Ontario Municipal Partnership Fund, ending balance	\$ 796,639	\$ 10,188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

7 OBLIGATORY RESERVE FUNDS (CONTINUED)

	2022	2021
Cannabis Legalization Fund, opening balance	\$ –	\$ 17,168
Deduct:		
Amounts used for eligible expenditure	–	(17,168)
Cannabis Legalization Fund, ending balance	\$ –	\$ –
Technology Modernization Fund, opening balance	\$ 284,069	\$ 392,274
Add:		
Allocation received	–	21,250
Interest earned	4,786	2,135
Deduct:		
Amounts used for eligible capital projects	(153,757)	(131,590)
Technology Modernization Fund, ending balance	\$ 135,098	\$ 284,069
Total obligatory reserve funds	\$ 67,687,408	\$ 59,925,585

8 NET TAXATION CHARGES

Net taxation charges consist of the following:

	2022	2021
Total taxes levied by the Town	\$ 78,472,155	\$ 74,326,044
Less:		
Taxes levied on behalf of the Region of York	31,270,839	29,223,061
Taxes levied on behalf of the School Boards	18,408,766	17,674,964
Total net taxation charges	\$ 28,792,550	\$ 27,428,019



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

9 GOVERNMENT TRANSFERS

Government transfers include monetary transfers based on cost-sharing agreements between the three levels of government. Some funds are transferred when the Town provides evidence that the qualifying expenses have been incurred. The Town also receives government transfers once certain criteria have been met or with the stipulation that the funds are used for specific programs or expenses (entitlements with stipulations). Any transfers received where the transfer stipulations have not been met by year-end are recorded as deferred revenue (*see note 6 and note 7*). Grants are also received to support specific program areas such as recreation programs, etc.

The following kinds of transfers were included in revenue:

	2022	2021
Grants with stipulations	\$ 1,534,033	\$ 2,961,148
Other grants	145,600	218,362
Total government transfers	\$ 1,679,633	\$ 3,179,510

10 TANGIBLE CAPITAL ASSETS

Cost	Balance, December 31, 2021	Additions	Disposals	Balance, December 31, 2022
Transportation infrastructure	\$ 68,507,790	\$ 7,893,585	\$ -	\$ 76,401,375
Environmental infrastructure	117,674,547	12,390,371	-	130,064,918
Facilities	24,877,536	21,487,320	-	46,364,856
Vehicles	10,533,351	251,677	(120,291)	10,664,737
Machinery and equipment	8,108,414	486,164	(387,655)	8,206,923
Land improvements	17,787,298	1,965,242	-	19,732,540
Land	67,700,504	1,370,476	-	69,070,980
	315,169,440	45,844,835	(507,946)	360,506,329
Capital work in progress	26,306,670	7,431,203	(23,289,266)	10,448,607
	\$ 341,476,110	\$ 53,276,038	\$ (23,797,212)	\$ 370,954,936

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

10 TANGIBLE CAPITAL ASSETS (CONTINUED)

Accumulated amortization	Balance, December 31, 2021	Additions	Disposals	Balance, December 31, 2022
Transportation infrastructure	\$ 37,934,739	\$ 3,670,461	\$ –	\$ 41,605,200
Environmental infrastructure	50,731,821	4,185,578	–	54,917,399
Facilities	12,504,613	929,719	–	13,434,332
Vehicles	5,324,411	824,870	(109,678)	6,039,603
Machinery and equipment	5,023,045	767,418	(266,776)	5,523,687
Land improvements	7,390,149	669,647	–	8,059,796
	\$ 118,908,778	\$ 11,047,693	\$ (376,454)	\$ 129,580,017

	Net book value, December 31, 2021	Net book value, December 31, 2022
Transportation infrastructure	\$ 30,573,051	\$ 34,796,175
Environmental infrastructure	66,942,726	75,147,519
Facilities	12,372,923	32,930,524
Vehicles	5,208,940	4,625,134
Machinery and equipment	3,085,369	2,683,236
Land improvements	10,377,149	11,672,744
Land	67,700,504	69,070,980
	196,260,662	230,926,312
Capital work in progress	26,306,670	10,448,607
	\$ 222,567,332	\$ 241,374,919

Assets under construction

Assets under construction and other capital work in progress having a value of \$10,448,607 (2021 - \$26,306,670) have not been amortized. Amortization of these assets will commence when the asset is put into service.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

11 CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$106,016,566 (2021 - \$28,299,982). These contracts relate to the construction and expansion of certain permanent facilities that will be constructed in 2022 or later periods. As at December 31, 2022 \$77,842,803 (2021 - \$4,510,622) relating to these contracts had not been expended.

12 COMMITMENTS

The Town has entered into agreements for various periods until 2025 with minimum annual lease payments of \$52,800.

13 PENSION PLAN

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (“OMERS”), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a defined benefit plan, which specifies that amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$130.3 billion in respect of benefits accrued for service with actuarial assets at that date of \$123.6 billion indicating an actuarial deficit of \$6.7 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2022 were \$1,715,220 (2021 - \$1,500,759)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

14 CONTINGENCIES

The Town is subject to various legal claims arising in the normal course of its operations. The ultimate outcome of these claims cannot be determined at this time; however, the Town's management believes that the ultimate resolution of these matters will not have a material adverse effect on its financial position.

15 INSURANCE COVERAGE

Effective January 1, 2021, the Town retained the services of Marsh Canada Limited to provide insurance and risk management services. The current policy provides a \$10,000 deductible limit per incident.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

16 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2022	2021
Town reserves		
Corporate/operating:		
Working capital/Tax stabilization	\$ 3,473,762	\$ 3,491,512
General capital	7,360,973	5,609,503
COVID operating grant	653,088	884,429
	<u>11,487,823</u>	<u>9,985,444</u>
Program specific:		
Election	16,776	361,512
Emergency services	567,786	609,144
Insurance	605,473	426,316
Winter maintenance	562,231	567,586
Real estate legal and administration	718,120	702,767
Climate change initiatives	152,185	100,000
Farmers market	9,291	9,093
Public art	255,044	251,570
Library operating	137,580	133,043
Library fundraising	161,387	108,289
	<u>3,185,873</u>	<u>3,269,320</u>
Development specific:		
Building code enforcement	16,541,259	15,816,195
Planning Act	(41,173)	(347,975)
Engineering fees	3,672,802	1,750,335
Parks development fees	(302,496)	(521,112)
Fill and site alteration	276,253	160,647
	<u>20,146,645</u>	<u>16,858,090</u>
Asset management:		
Parks structures	1,636,453	1,009,275
Library asset replacement	567,426	425,997
Public works roads	170,246	168,481
Vehicle and equipment replacement - tax levy	5,656,561	4,355,129
Information technology	2,079,181	1,837,252
Buildings	8,272,788	7,558,731
Roads tax levy	4,615,049	3,325,322
Municipal parking	226,890	-
	<u>23,224,594</u>	<u>18,680,187</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

16 ACCUMULATED SURPLUS (CONTINUED)

	2022	2021
Community capital contribution:		
Environment and watershed enhancement	732,617	730,065
Ineligible due to level of service	2,620,370	2,515,891
10% mandatory development credit reduction	2,470,086	2,636,593
Parkland acquisition	3,567,948	3,406,448
Administration facilities	4,486,232	4,347,511
Art and culture heritage	1,588,089	1,511,378
Economic development initiatives and servicing	1,636,880	1,523,870
	<u>17,102,222</u>	<u>16,671,756</u>
Water and wastewater		
Stabilization:		
Water and sewer rate stabilization	648,183	615,409
Asset management:		
Vehicle and equipment replacement - water and sewer	324,382	295,028
Infrastructure - water and sewer	23,105,056	20,142,073
Rate supported - water and sewer	22,693	22,693
	<u>23,452,131</u>	<u>20,459,794</u>
Total reserves before the undemoted	99,247,471	86,540,000
Supplementary taxes - unbilled	186,192	170,546
Total reserves	99,433,663	86,710,546
Front ended capital projects to be recovered by development charges	(1,517,103)	(1,781,649)
Invested in tangible capital assets	241,374,919	222,567,332
Accumulated surplus	<u>\$ 339,291,479</u>	<u>\$ 307,496,229</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

17 COMPARATIVE FIGURES

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

18 SEGMENTED INFORMATION

The Town provides a range of services to its citizens. For management reporting and stewardship purposes, all operations are organized and reported by the services they supply.

Town services are provided by departments and their activities are reported. The following departments have been separately disclosed in the segmented information, along with a description of their services. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

(a) *General government*

All support staff and services are included here such as Town Council, the Office of the CAO, Clerks, and Finance.

(b) *Protection to persons and property*

Protection is comprised of emergency services, By-law enforcement and Building Code enforcement. These departments are responsible for maintaining and enhancing public safety through emergency management planning, prevention and public education programs, enforcement and emergency response. COVID-19 related items are reported in this segment.

(c) *Transportation services*

The Transportation department is responsible for the Town's road infrastructure. This includes the safety and maintenance of the Town's paved roads, sidewalks, street lights, trees, traffic control devices and the school crossing guard program.

(d) *Environmental services*

This segment consists of water and waste water and waste/recycling collection.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

18 SEGMENTED INFORMATION (CONTINUED)

(e) *Recreation and cultural services*

Recreation and cultural services is comprised of the Recreation department and the Library. The Recreation department is responsible for the planning, administration, operation and maintenance of municipal parks and facilities. Recreation and cultural services are provided through programs as well as parks, playgrounds, open spaces and trail systems. Library provides leisure, information and cultural services to the public.

(f) *Planning and development*

The Planning and Building Services department administers and oversees key aspects of the land use and development approval process in the Town.

Certain allocation methodologies are employed in the preparation of segmented financial information. Government grants, user charges, transfers from other funds, and other revenues are allocated to the specific program or service they relate to. Internal and external expenses are allocated. Activity based costing is used to allocate internal support costs to departments. These costs include the net expenses for departments, such as human resources, information systems, finance and others, commonly referred to as overhead. Measures of activity, or drivers, are used to apportion the support costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

18 SEGMENTED INFORMATION (CONTINUED)

	2022	2021	2022	2021
	\$	\$	\$	\$
	CONSOLIDATED		GENERAL GOVERNMENT	
Expenses				
Salaries and wages	24,666,136	23,146,164	4,219,788	3,767,837
Materials	5,478,871	5,229,443	1,977,167	2,384,658
Contracted services	15,647,137	15,053,382	2,447,449	1,181,348
Rents and Financial Exp	151,930	133,946	41,520	38,981
Amortization	11,047,693	9,088,865	667,622	385,860
	56,991,767	52,651,800	9,353,546	7,758,684
Revenues				
Net taxation charges	(28,792,550)	(27,428,019)	(28,792,550)	(27,428,019)
User charges	(23,011,595)	(22,998,166)	(313,274)	(239,448)
Charges to developers	(10,762,540)	(10,798,387)	(1,940,933)	(7,712,323)
Grants	(1,679,633)	(3,179,510)	(491,418)	(281,277)
Penalties on taxes	(723,477)	(787,797)	(723,477)	(787,797)
Investment income	(1,835,443)	(907,082)	(1,832,489)	(907,082)
Contributed assets	(21,527,543)	(13,720,136)	(21,527,543)	(906,318)
Other	(462,534)	(366,505)	50,928	(102,786)
	(88,795,316)	(80,185,602)	(55,570,756)	(38,365,050)
	PROTECTION		TRANSPORTATION	
Expenses				
Salaries and wages	7,350,922	6,980,618	3,460,475	3,247,120
Materials	546,735	582,855	1,013,019	925,783
Contracted services	1,111,074	972,967	1,504,652	1,943,435
Amortization	837,536	803,837	4,006,307	3,270,229
	9,846,267	9,340,277	9,984,453	9,386,567
Revenues				
Net taxation charges				
User charges	(3,362,021)	(6,783,631)	(2,923,280)	(893,941)
Charges to developers	(11,124)	(78,530)	(601,801)	(305,656)
Grants	(504)	(905,623)	(817,042)	(992,230)
Contributed assets	-	-	-	(4,643,506)
Other	(207,337)	(95,818)	(8,922)	(20,876)
	(3,580,986)	(7,863,602)	(4,351,045)	(6,856,209)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

Year ended December 31, 2022

18 SEGMENTED INFORMATION (CONTINUED)

	2022 \$	2021 \$	2022 \$	2021 \$
	ENVIRONMENTAL		RECREATION	
Expenses				
Salaries and wages	3,057,801	2,620,123	5,340,035	5,071,343
Materials	584,189	352,114	1,345,437	947,692
Contracted services	8,964,514	8,553,317	1,437,605	2,057,292
Rents and Financial Exp	-	-	110,410	94,965
Amortization	4,222,764	3,365,962	1,313,464	1,262,977
	16,829,268	14,891,516	9,546,951	9,434,269
Revenues				
User charges	(13,647,061)	(13,469,683)	(1,673,723)	(647,502)
Charges to developers	(143,030)	(54,354)	(8,003,623)	(2,473,520)
Grants	(168,933)	(141,752)	(201,736)	(858,628)
Contributed assets	-	(8,170,312)	-	-
Investment income	-	-	(2,954)	-
Other	(165,043)	(83,719)	(132,114)	(63,306)
	(14,124,067)	(21,919,820)	(10,014,150)	(4,042,956)
	PLANNING			
Expenses				
Salaries and wages	1,237,115	1,459,123		
Materials	12,324	36,341		
Contracted services	181,843	345,023		
Amortization	-	-		
	1,431,282	1,840,487		
Revenues				
User charges	(1,092,236)	(963,961)		
Charges to developers	(62,029)	(174,004)		
Other	(47)	-		
	(1,154,313)	(1,137,965)		

STATISTICAL INFORMATION

STATISTICAL DATA

FIVE YEAR FINANCIAL STATISTICS

CONSOLIDATED FINANCIAL ACTIVITIES

REVENUE	2022	2021	2020	2019	2018
Net taxation charges	28,792,550	27,428,019	26,715,840	24,095,678	21,536,531
User charges	23,011,595	22,998,166	19,072,713	16,698,878	17,216,239
Charges to developers	10,762,540	10,798,387	18,469,012	9,951,762	5,452,377
Grants/Government Transfers	1,679,633	3,179,510	2,921,242	1,699,373	1,829,970
Penalties on taxes	723,477	787,797	486,592	655,483	509,610
Investment income	1,835,443	907,082	1,047,554	1,384,693	1,013,476
Other Revenue	462,538	366,505	458,476	1,435,454	1,154,131
Contributed tangible capital assets	21,527,543	13,720,136	26,898,791	679,573	16,231,470
	88,795,316	80,185,602	96,070,220	56,600,894	64,943,804
NET TAXATION CHARGES					
Total Taxes levied by Town	78,472,155	74,326,044	71,854,023	68,103,566	60,138,146
Less: Taxes Levied on behalf of York Region	31,270,839	29,223,061	28,044,820	27,102,214	23,610,480
Less: Taxes Levied on behalf of School Boards	18,408,766	17,674,964	17,093,363	16,905,674	14,991,135
Total net taxation charges	28,792,550	27,428,019	26,715,840	24,095,678	21,536,531
EXPENSES BY FUNCTION					
General government	9,353,546	7,758,684	7,134,689	5,718,537	4,939,729
Protection to persons and property	9,846,267	9,340,277	9,138,734	8,609,581	7,873,243
Transportation services	9,984,453	9,386,567	8,981,564	8,586,694	8,569,212
Environmental services	16,829,268	14,891,516	14,339,485	11,606,947	11,417,968
Recreation and cultural services	9,546,951	9,434,269	8,058,139	8,820,136	7,692,944
Planning and development	1,431,282	1,840,487	2,097,215	1,677,021	1,574,718
	56,991,767	52,651,800	49,749,826	45,018,916	42,067,814
EXPENSES BY OBJECT					
Salaries and wages	24,666,136	23,146,164	21,704,209	21,290,930	19,893,772
Materials	5,478,871	5,229,443	5,327,626	4,071,575	3,576,874
Contracted Services	15,647,137	15,053,382	13,165,947	13,404,995	10,938,678
Rents and financial exp	151,929	133,946	35,672	-	-
Amortization	11,047,693	9,088,865	9,516,372	6,251,416	7,658,489
	56,991,766	52,651,800	49,749,826	45,018,916	42,067,813
Gain/(Loss) on sale of tangible capital assets	(8,299)	96,403	(202,688)	(324,093)	47,357
Annual Surplus	31,795,253	27,630,205	46,117,706	11,257,885	22,923,348
Accumulated Surplus					
Reserves	82,145,249	69,865,244	59,311,383	48,007,139	42,640,624
Community Capital Contribution	17,102,222	16,674,756	13,589,775	12,634,886	11,965,248
Supplementary Taxes (unbilled) included in General Capital	186,191	170,546	150,195	190,592	449,914
Total Reserves	99,433,662	86,710,546	73,051,353	60,832,617	55,055,786
Front Ended Capital Projects to be recovered by development Charges	(1,517,103)	(1,781,649)	(1,861,297)	(1,091,792)	(1,141,517)
Investment in tangible capital assets	241,374,920	222,567,332	208,675,968	174,007,494	168,576,164
Accumulated Surplus	339,291,479	307,496,229	279,866,024	233,748,319	222,490,433
ACQUISITION OF TANGIBLE CAPITAL ASSETS	53,276,041	24,712,562	47,574,909	15,248,946	23,550,619
NET FINANCIAL ASSETS	97,475,337	84,586,719	71,001,754	59,369,666	53,033,148
TOTAL DEBT	-	-	-	-	-
TOTAL DEBT OUTSTANDING PER CAPITA	-	-	-	-	-

FIVE YEAR MISCELLANEOUS STATISTICS

MISCELLANEOUS INFORMATION	2022	2021	2020	2019	2018
GENERAL GOVERNMENT⁽¹⁾					
Full Time Equivalent Employees	185 *	157	152	149	146
DEMOGRAPHICS⁽²⁾					
Population	37,665	36,500	35,100	33,900	31,700
Population Density per sq. km.	154	150	144	139	130
Average Household Income	144,815	143,839	141,801	140,694	135,968

(1) as per the Annual Budget

(2) as per the York Region Growth and Development Review Report

*Note: 2022 Full time Equivalent Employees was adjusted in 2022 to include employees at the East Gwillimbury Public Library.



Information on the Town of East Gwillimbury is available at:

www.eastgwillimbury.ca

Direct any inquiries regarding this document to:

Town of East Gwillimbury

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