

# 2023 Annual Financial Report





# TOWN OF EAST GWILLIMBURY

## **Annual Financial Report for the year ending December 31, 2023**

Prepared by the  
Finance Department



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# Table of Contents

<b>Introduction</b>	<b>3</b>
About East Gwillimbury	4
Our Plan	6
Governance	7
Message from the Mayor	8
Message from the Chief Administrative Officer	9
Past Awards for Financial Excellence	10
Additional Awards and Achievements in 2023	11
Message from the Treasurer	12
<b>Financial Discussion and Analysis</b>	<b>13</b>
Town of East Gwillimbury Mandate	13
Management Responsibility	14
Town By-laws, Policies and Controls	15
Significant Activities Affecting the 2023 Financial Statements	17
2023 Financial Highlights	19
Looking Forward	21
Long Term Reserve Strategy Planning to Support Future Growth	24
<b>Financial Reports</b>	<b>25</b>
Consolidated Statement of Financial Position	30
Consolidated Statement of Operations and Accumulated Surplus	31
Consolidated Statement of Change in Net Financial Assets	32
Consolidated Statement of Cash Flows	33
Notes to Consolidated Financial Statements	34
<b>Statistical Information</b>	<b>55</b>
Five Year Financial Review	56
Statistical Data	58



# Introduction



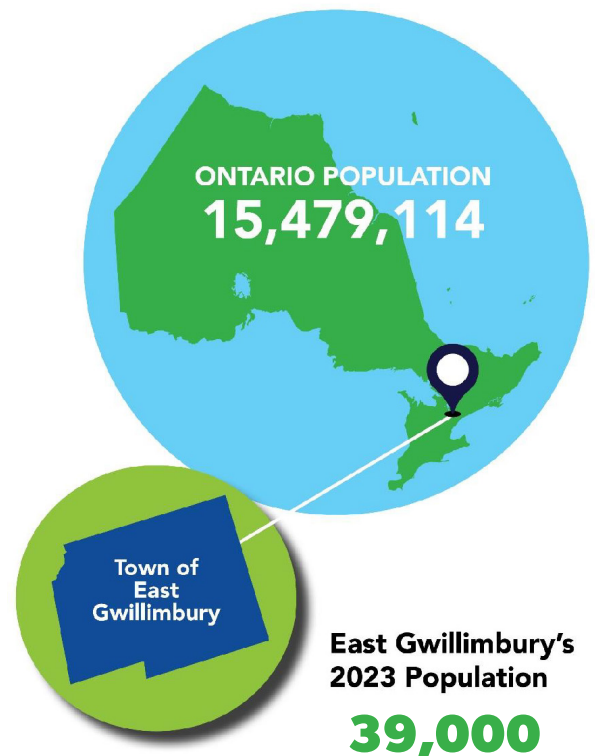


## About East Gwillimbury

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 39,000 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, Holland Landing and Mount Albert communities remain, and the Town continues to preserve these spaces and their identities.

The municipality is 245 square kms 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.





## Our Plan

### Our Vision

To be a resilient, sustainable, and welcoming community that connects residents to each other, services, and opportunities.

### Our Core Purpose

Deliver value for tax dollars, while providing quality services that the community wants and needs.

### Strategic Plan

The Strategic Plan 2022-2026 was adopted by Council in May 2023. The 2022-2026 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.

The purpose of the Strategic Plan is to establish overall goals for the organization that reflect Council and community priorities. It establishes high level objectives that inform departmental and individual work plans. It also highlights key themes and values that are foundational to the community and municipal corporation.

The Business Plan and Budget are guided by the Town's Strategic Plan.



#### MULTI YEAR

Council develops the Strategic Plan to guide the direction of the corporation for the 2022-2026 term of Council. It provides overall direction to guide decisions, projects, and initiatives undertaken during the four-year term.

#### ANNUALLY

Staff will integrate the strategic priorities into the Annual Business Plans and Budgets. This annual review will ensure that work plans remain in alignment with Council's strategic priorities.

#### WEEKLY/DAILY

Departmental and individual workplans define the specific steps that staff will take to advance strategic objectives and measure progress while ensuring efficient and effective use of resources.



### 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.

### Chief Administrative Officer

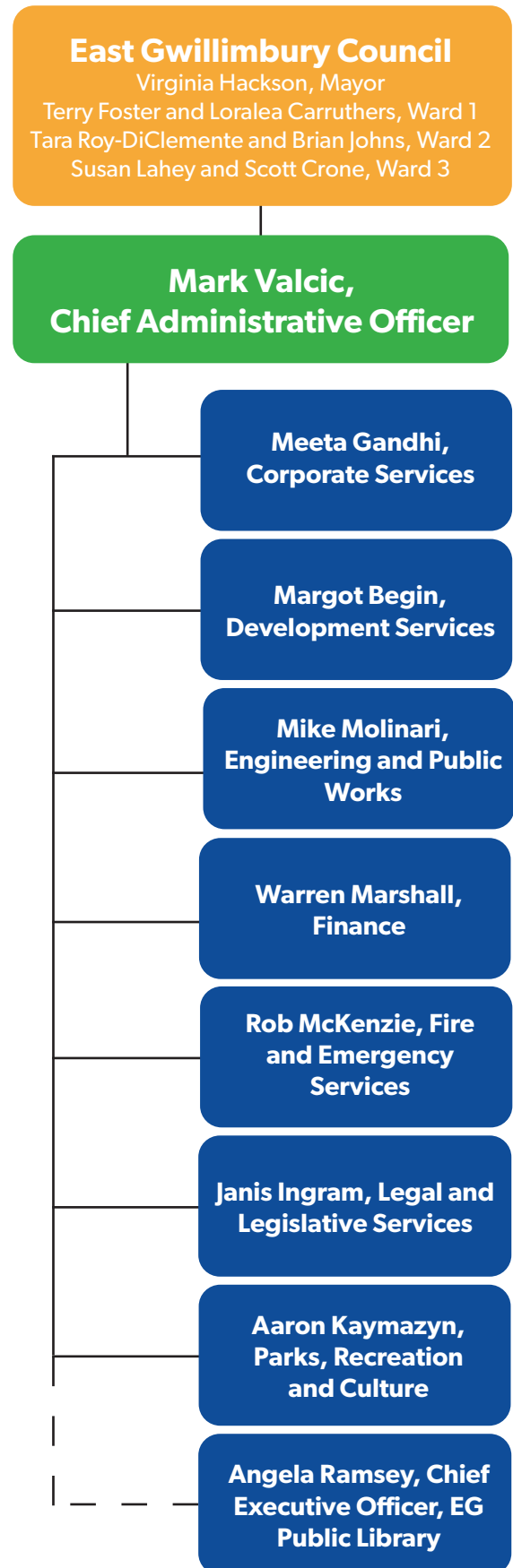
The Chief Administrative Officer (CAO) is appointed by Council and assists Council in setting the direction of the Town by providing guidance and advice based on best practices and emerging trends in municipal government.

The CAO also oversees the Senior Management Team responsible for providing programs and services to residents and businesses, this includes:

- Corporate Services
- Development Services
- Engineering and Public Works
- Finance
- Fire and Emergency Services
- Legal and Legislative Services
- Parks, Recreation and Culture

The CEO of East Gwillimbury Public Library has an indirect reporting relationship to Town's CAO.

Organizational chart effective December 31, 2023.





## Message from the Mayor

On behalf of Council, I'm pleased to present East Gwillimbury's (EG's) 2023 Financial Report.

Our Strategic Plan sets priorities for the 2022 to 2026 Term of Council. The priorities and actions in the Strategic Plan reflect Council's dedication to building a sustainable future for EG. The plan was developed with feedback from residents, staff and Council and was approved in May 2023.

The Strategic Plan has five key priorities:

- Quality Programs and Services
- Responsible Growth
- Environmental Stewardship
- Build Complete Communities
- Culture of Municipal Excellence

Each priority has a set of corresponding deliverables that ensure EG is well-planned, well-managed, and resilient. We are focused on building a sustainable community for EG while supporting the needs of the community now and in the future. Action on EG's Strategic Plan accelerated in 2023, through Council's commitment to the community. Over the year we accomplished several key projects and initiatives that enhanced program and service delivery for residents.

### Managing our financial health

The 2021 census data identified EG as the fastest-growing municipality in Canada. EG continues to change, and we are managing growth at an unprecedented scale. Creating and maintaining balance for our community includes considering our financial health, being fiscally responsible in our decision-making, and maintaining high value to the taxpayers. In 2023, the approved budget maintained existing programs and services, enhanced asset management planning, provided for future growth needs, and allowed for additional staffing required to provide services to the community.

### Moving forward

Through the 2023 fiscal year, significant modernization of resident-facing services to provide easier access to information and services took place. We saw the design completion of several upcoming construction projects, and multiple bridge reconstruction and replacement projects. The construction of the Health and Active Living Plaza accelerated in 2023, and the shape of our new community hub started to take place. The complex will be a centre of activity, home to the Town's first aquatic facility, include an 8-acre community park, community services, a library and much more, with an anticipated opening in 2025.

Several Master Plans also came to life in 2023, guiding our long-term goals and necessary growth of services as we look forward to managing assets such as roads, buildings, playgrounds, parks, trails, and water/wastewater systems, over the long term.

I am thankful for the support of our wonderful community, proud of the work we're doing, and optimistic about the future of our thriving Town. I encourage you to read this document to gain a better understanding of how and where we manage the valuable assets and invest in the future of EG.



2022-2026 Council (left to right): Councillor Terry Foster, Ward 1, Councillor Lorealea 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

## Message from the Chief Administrative Officer

East Gwillimbury (EG) maintained and grew services in 2023, in a reliable, community-focused and strategic manner. With the support of Council, along with our dedicated team at the Town, I'm pleased to share this financial report with our community.

At EG, we deliver services in a fiscally responsible manner and work towards a sustainable future. This means striking a balance between economic growth, environmental stewardship, and social well-being. We find ways to improve and enhance services, and do better, everyday.

We are excited about the ongoing service improvements we made through the improved use of technology in providing services to residents. In 2023, we also delivered many events for residents to enjoy living in our vibrant community.

We are also ensuring plans, policies, and procedures are up to date to effectively manage growth and development and address important areas of business such as protection and response to emergencies in EG. Through our strategic planning, we are advancing EG's environmental initiatives, and improving how we take a lens of equity, diversity and inclusion to our work as a leading municipality. All of this relies on appropriate, consistent, and well-managed finances. The details of our work can be found in this report.

Everyday, together with Council, I am thankful for our professional staff who make EG a great place to work. I would like to extend my gratitude to our finance team for preparing this report and for their service year-round, and to all staff for their excellent support throughout the year.

**Mark Valcic, CAO**





## Past Awards for Financial Excellence

For the past five years, the Town has received the Canadian Award for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA), which reflects its outstanding financial management and commitment to transparency.

The Canadian Award for Financial Reporting is presented to municipalities that produce high-quality, easy-to-read financial reports that exceed the regular program requirements. The GFOA recognizes municipalities that promote excellence and celebrate various areas of public finance across North America.



## Additional Awards and Achievements in 2023

### Impact Award - Festivals and Events Ontario

The Town of East Gwillimbury received the 2023 Impact Award from Festivals & Events Ontario (FEO) for Nature Day.

FEO was established in 1987 and supports a lively, engaged and dedicated festival and events industry by sharing knowledge, enabling networking and providing leadership on education, advocacy and promotion. The Impact Award is given to an event that embodies the best ideas to advance culture, diversity, and inclusion.

Nature Day, hosted in the community of Mount Albert at Ross Family Complex and Vivian Creek Park provided a range of nature-based activities with community partners. Working alongside the Mount Albert Lions, Chippewas of Georgina Island First Nation, Mount Albert Scouts, Lake Simcoe Region Conservation Authority and the East Gwillimbury Public Library the community had the opportunity to experience nature and explore all that our land has to offer.



### Marcom Awards

The Town was awarded the Marcom Gold award in 2023 for the 2022 to 2026 Strategic Plan, which guides the priorities of the organization for the next four years. The Plan was developed based on feedback from social media, surveys and during Council meetings. As part of this project, the Communications team developed a comprehensive plan to engage residents, gather feedback and share the complete plan

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



## Message from the Treasurer

### Warren Marshall, Treasurer

July 31, 2024

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 2023. 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 2023 budget with a focus on maintaining existing programs and services as well as incorporating dedicated funding for asset management and future operating costs of the Health and Active Living Plaza. Programs and services were managed to stay within budget for the year. Water usage rates were frozen for the fourth consecutive year. The Town undertook a review of the fixed water rate structure to ensure costs to maintain the Town's water and wastewater infrastructure are shared equitably between users. A new structure was implemented to align the charge with the size of the water meter connected to the property, which is a best practice in the industry. The new structure will be phased in over a three year period, and only impacts approximately one percent of the existing users.

During 2023, work was undertaken to ensure the Town's financial statements would comply with updated Public Sector Accounting Standard changes related to asset retirement obligation reporting. Further work and updates were completed on the funding strategies for the Health and Active Living Plaza. This included revisions to staffing strategies and assessments of the ongoing operating costs of the facility. A focus was placed on asset management, as an Asset Management Plan for core assets in the Town was completed and approved. The overall positive financial results from 2023 reflect how the Town continues to manage taxpayer funds in a sustainable and responsible manner.

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, 2023.

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. 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, 2023. 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. The annual budget for 2023 was approved in February 2023. This delay from the normal budget approval process was due to the 2022 election. The review and approval process is extended in order to provide the newly elected Council members opportunity to review, assess and ensure their priorities are captured in the budget cycle.

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 Town's funds are subject to the requirements of the Municipal Act, 2001. As required under regulation, the Town has an investment policy that outlines the guiding principles that govern the investment of the available funds and ensures prudent investment of public funds.

### General Financial Management Controls

To limit risk, the Town only invests in guaranteed securities such as Guaranteed Income Certificates (GICs) and principal protected notes. These securities preserve the principal being invested and allows for a competitive rate of return.

Further, 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.

### Development Charge Background Study

Throughout 2023, the Town initiated the process of updating the Development Charge Background Study and By-laws to comply with the Development Charges Act, as modified by Bill 23 (More Homes, More Choice Act, 2019). Bill 23 introduced several amendments, including a 5-year phase-in period for new Development Charge (DC) rates, extending the historical service level calculation timeframe from 10 to 15 years, and extending DC Background Study and by-law useful lives from 5 to 10 years. Other amendments included excluding costs for growth-related studies and housing from DC recovery and introducing discounts on DCs for purpose-built rental units. Affordable, attainable, and non-profit housing is now exempt from the payment of DCs. Administrative changes have also been introduced related to the use of DC reserves for certain hard services, as well as a policy introduced on how the Town calculates interest on DC deferrals and freezes. The amendments resulting from Bill 23 are significant for the Town of East Gwillimbury, as DCs are a crucial revenue source required to fund the infrastructure required to service growth.

### Asset Management

Asset Management is the coordinated activity of an organization to realize value from assets by balancing costs, risks, opportunities, and performance benefits. It considers all asset types and includes all activities involved in an asset's life cycle including planning, acquisition and the impacts of growth, operations, maintenance, renewal, replacement, and disposal of any remaining liabilities. In April 2023, Council approved the 2022 Asset Management Plan for core assets at current levels of service, which is required to meet legislated requirements prescribed through Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure. The 2022 Asset Management Plan (AMP) documents the quantity, value and state of core assets, as well as the Town's current practices and lifecycle management strategies. Data inputs used for the plan are representative of year-end 2020, and included the following core asset categories:

- Transportation Network (roads, structural bridges and culverts, sidewalks, streetlighting, traffic signs, etc.)
- Stormwater Network (storm sewers, manholes, catch basins, driveway culverts, ponds, etc.)
- Water Network (watermains, valves, chambers, hydrants, meters, service connections, etc.)
- Wastewater Network (wastewater sewers, manholes, service connections, pumping stations, etc.)



### Administrative Penalty System Adoption

Administrative Penalty Systems are an innovative approach to dealing with minor by-law infractions in a manner that is fair, effective, and efficient. With its introduction in 2017, many municipalities, the province, and the federal government have adopted this approach. It is designed to streamline the enforcement process and increase compliance with Town of East Gwillimbury by-laws. The Administrative Penalty System of enforcement transfers by-law disputes from the courtroom to the municipality through the use of Screening and Hearings Officers who are able to modify, cancel, or affirm penalties. This approach aids in reducing congestion in the courts as well as providing a more local and accessible dispute resolution system. The Administrative Penalty System By-law allows the Town to enforce its By-laws more effectively and acts as an alternative to the present system where contraventions of municipal by-laws are enforced under the Provincial Offences Act. The system is expected to be fully implemented by Q4 2024.

### Asset Retirement Obligation Policy

In August 2018, the Public Sector Accounting Board issued a standard, Section PS 3280, Asset Retirement Obligations effective for fiscal years beginning on or after April 1, 2022. Asset retirement obligations are liabilities when a legal obligation exists to incur retirement costs in relation to a tangible capital asset. Effective January 1, 2023, the Town adopted PS 3280 on a prospective basis.

To support this new standard, the Town developed a policy to enhance the transparency and accuracy of its financial statement and establish a comprehensive framework for accounting and reporting on this obligation. These may include but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed
- Removing contamination created by the normal use of the tangible capital asset
- Post-retirement activities such as monitoring
- Constructing other tangible capital assets to perform post-retirement activities

The obligation should be the best estimate of the amount required to retire the tangible capital asset at the financial statement date, based on available information. Professional judgement will be used to assess the appropriateness of the measurement technique used to determine that best estimate.

## Significant Activities Affecting the 2023 Financial Statements

### Developer Contributed Assets

Contributed assets are capital works built or owned by landowners and subsequently transferred to the Town as part of a development approval. They 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 contributed 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 2023, 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 \$17.8 million.

The Elderbank Investments development is a 217 lot fully serviced residential subdivision which commenced construction of servicing in 2014. The development was completed as part of the Sharon Village development which consists of 7 different developers forming the Sharon Village Landowners Group. While the majority of the development was assumed by the Town in 2021, Murrell Bridge, Children of Peace Park and the adjacent storm water management facility were delayed. In 2023, the infrastructure was assumed by the Town for operations and maintenance.

Kerbel Phase 1 is a 213 lot fully serviced residential subdivision which commenced construction of servicing in 2015. The development was completed as part of the West Holland Landing Development which consists of 3 different developers. In 2023, most infrastructure related to this development was assumed by the Town, this includes roads, curbs, watermains, and public parks. The assumption of the Storm Water Management pond is being deferred to Phase 3 of the Kerbel development to coincide with the completion of the final phase of development.

### 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 2023 include ongoing multi-year projects such as the construction of the Health and Active Living Plaza and downtown core revitalizations. Additionally, significant development charge funding was allocated in 2023 to various growth-related projects, including:

#### Transportation Master Plan Update

This project aims to enhance the Town's infrastructure planning by recommending long-term transportation strategies. This includes considering needs based on new planning projections through to 2051, integrating White Belt Lands into the urban boundary, updating network models based on recent additions and the 404 Employment Lands Secondary Plan, strategic validation of transportation infrastructure, and incorporating the Bradford By-pass.



#### Nokiidaa Trail parking lot expansion

This project involves constructing a new parking lot at the Nokiidaa Trail entrance on Mount Albert Road and Yonge Street to accommodate overflow parking. The increased use of the Nokiidaa Trail by residents, commuters, and visitors has led to on-street parking issues along Regional Roads, where parking is not permitted. The new parking lot aims to alleviate these issues and provide a convenient parking solution for trail users.





## Significant Activities Affecting the 2023 Financial Statements (continued)

### New Fire command vehicle

This project involves acquiring a new command vehicle to support the Assistant Deputy Fire Chief's response efforts. The new vehicle will enhance the fire department's operational capabilities and ensure effective management during emergency situations.

### New Water Service vehicle

This project involves acquiring a new water service vehicle for water/wastewater operations. The additional vehicle will support frontline operations, aiding field staff in maintaining service levels and improving operational efficiency amidst growth. This enhancement will aid the department's ability to manage ongoing water and wastewater activities effectively.



(Water Service vehicle)

## Asset Retirement Obligation Accounting Impact

The Town owns and manages 14 facilities that serve a variety of functions to the community, including fire services, community centers, recreation and access to municipal services. The Town developed a policy to enhance the transparency and accuracy of its financial statement and establish a comprehensive framework for accounting and reporting on the new asset retirement obligation requirements. Utilizing Building Condition Assessments, internal expertise and an external consultant, it was determined that four facilities met the eligibility requirements set out within the policy.

As a result, the Town reported a liability of 1.5 million as part of the 2023 Financial Statements, which represents the estimated costs attributed to retirement activities for the four eligible facilities. All Town assets will be reevaluated on an annual basis and retirement obligations will be updated accordingly.

## 2023 Financial Highlights

### Revenue

Total revenue increased by approximately \$17.0 million compared to the previous year due to a variety of conditions.

In 2023 construction commenced on the Health and Active Living Plaza which resulted in an increase of approximately \$19.0 million in recreation funding from developers. The cost to build the facility will be funded entirely through development charges and at no cost to the taxpayer.

An increase of tax revenue of approximately \$2.2 million is mainly due to assessment growth on the tax roll. A tax increase of 5.55 percent was also approved in the 2023 budget year that contributed to this increase.

In 2023, the roads and water/wastewater infrastructure in two subdivisions was assumed, compared with four subdivisions in 2022. This resulted in \$3.7 million in less revenue in this area compared to 2022.

Further, revenue from user fees decreased by approximately \$0.5 million primarily due to a decrease in building permits in 2023 compared to 2022.

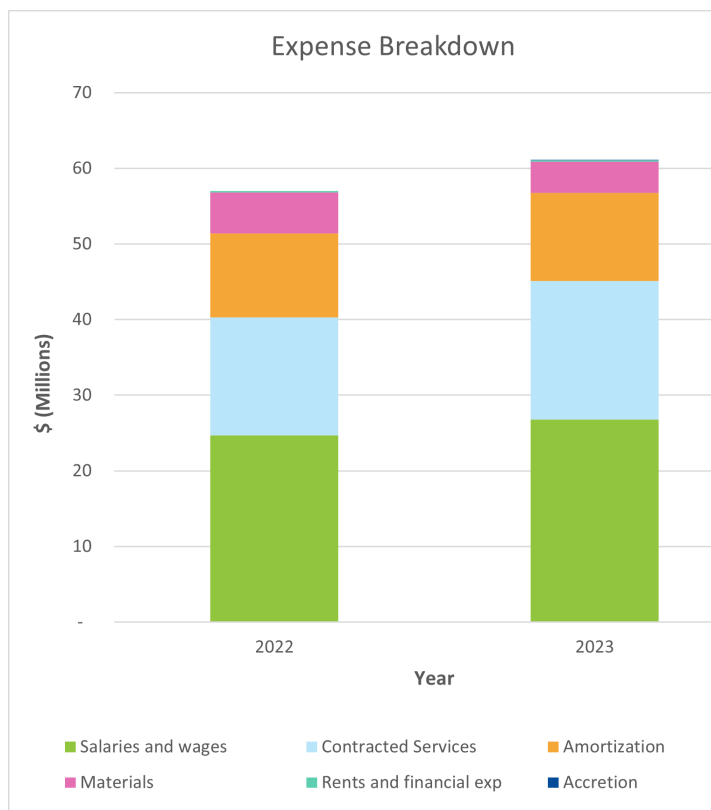
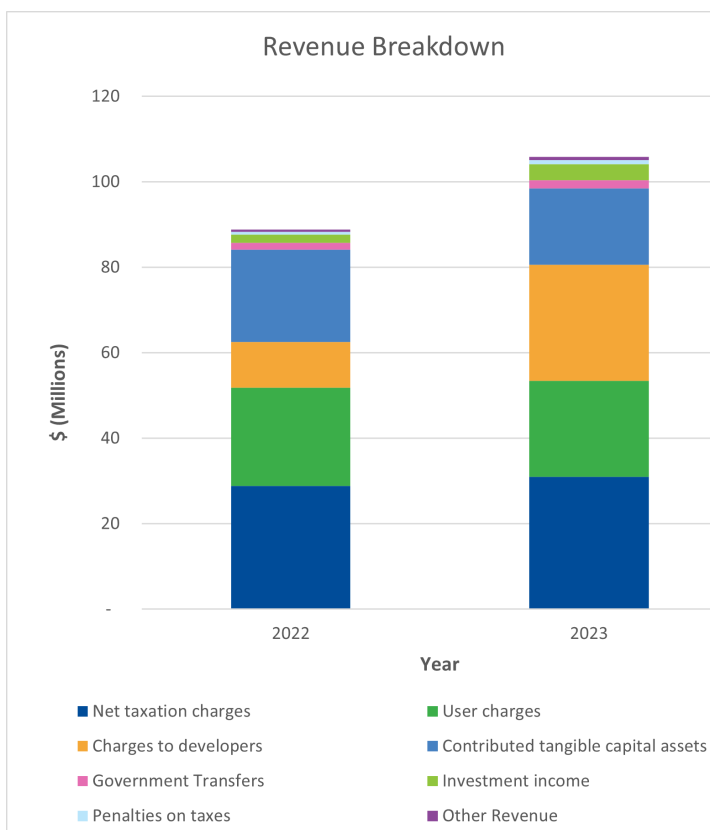
### Expenses

Overall expense increased by approximately \$4.2M compared to the previous year due.

The Town saw an increase of \$2.6 million in contracted services, primarily due to the increased cost for materials and consulting fees.

There was an increase of \$2.1 million in salaries and benefits associated with annual increases as well additional resources for fire and emergency services, facilities, and to prepare for the opening of the Health and Active Living Plaza.

The amount paid to developers under their front-ending agreements decreased by \$0.5 million in 2023 due to a large one-time payment which occurred in 2022.





## 2023 Financial Highlights (continued)

### Change in Net Financial Assets

The Town remains debt free in 2023 as assets remain greater than liabilities. Net financial assets increased by \$5.4 million from the previous year.

The Town's surplus increased by an additional \$13 million, primarily due to revenue outpacing the growth of expenditures. The surplus is allocated to reserves which are used in future years to offset the costs of significant investments, including asset replacement and road repair.

The Town acquired an additional \$23 million in assets primarily due to the construction of the Health and Active Living Plaza, as well as asset and vehicle replacement. In 2023, the roads and water/wastewater infrastructure in two subdivisions was assumed, compared with four subdivisions in 2022. This resulted in a decrease in contributed capital assets of approximately \$3.7 million over 2022.

Lastly, the Town recorded a \$1.5 million liability for the new asset retirement obligation standard. As the Town adopted this standard using the prospective method this is new in the 2023 financial statement.

### Change in Cash Flow

At the end of 2023 the Town held \$43.6 million in cash, which is a decrease of \$28.8 million over the prior year. After accounting for the costs of ongoing operations, net cash was approximately \$34.2 million. The decrease is primarily related to the acquisition of new assets (\$31.8 million) and the purchase of short-term investments (\$31.4 million).

### Planning for Growth

On February 9, 2022, Census Canada released data indicating that East Gwillimbury was the fastest growing municipality (with at least 5,000 inhabitants) in Canada, with a 44.4% increase in population from 2016 to 2021. Consequentially, it is essential that the Town plan for and manage growth in a fiscally responsible way.

Over the last several years, there have been significant changes introduced to provincial legislation that impact the way municipalities manage and fund required infrastructure to service growth. The intention of such legislative change was to support the government's efforts to remedy the shortage of housing and targets the construction of 1.5 million homes over the next 10 years. The Town is supportive of efforts to increase housing supply, however legislative changes of the More Homes Built Faster Act, 2022 (the Act) may have significant 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. The Town of East Gwillimbury's Development Charge by-law is set to expire in May 2024 and, as such the Town has been working throughout 2023 to update the calculation of development charges and author a new Background Study and by-law, that is consistent with amended Development Charges Act. The process has been consultative, with staff working closely alongside stakeholders and members of the development industry.

A joint Georgina/East Gwillimbury project to explore alternatives for modernized Fire and Emergency Service delivery took place in 2022. The review took the majority of the year and was completed in early 2023. This Joint Fire Services Review concluded that maintaining stand-alone fire service entities was the most desirable option at the present time, noting "while some benefits could be gained from a consolidation, they may not be significant enough in comparison to the challenges and losses that would be experienced". It also concluded that both Fire Services should commit to exploring other potential efficiencies together on an ongoing basis. East Gwillimbury and Georgina Councils concurred.

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.



### Housing Target and Pledge

In support of its mandate to accelerate home supply growth, the province recently announced measures that assign housing targets to 21 additional municipalities. The Town has been assigned a target of 4,300 new homes by 2031. If municipalities meet annual housing targets, the province will provide funding to municipalities through a Building Faster Fund. The Town continues work closely with the development community to refine and expenditure the development process in support of expanding available housing supply.

### Revised Servicing Allocation Policy

In 2023, Council approved changes to the Servicing Allocation Policy, which determines the criteria for distributing municipal wastewater allocation capacity to new development. To help inform this policy change, consultations with the public and development community were conducted. Feedback received reflected a strong desire to focus on the completion of existing communities, consider new developments relating to diversification of the housing stock and overall housing attainability, and focus on supporting employment-related use.

Provincial and Regional efforts are underway to plan for and deliver an expansion to the York Durham Sewage System that will ultimately provide additional municipal servicing for residents and businesses in the future.

### Environmental Strategy

In 2023, the Town declared a climate emergency for the purpose of naming and deepening its commitment to protecting our eco systems by identifying key initiatives to continue reducing our carbon footprint and protect our community from the impacts of climate change. The Town will incorporate a climate lens in all future decisions and prioritize options that are positive for the climate, environment, sustainability, and biodiversity. Linked to the Environmental Strategy, the Town developing a community-based Climate Action Plan that will focus on specific, clear, and achievable actions for climate change mitigation, defining targets and key areas at the corporate and community level to reduce GHG emissions and pursue Net Zero by 2050.

### Tree Protection By-law

The Town has developed a draft Tree Protection By-law for private properties to protect mature trees. The goal of the by-law is to protect the Town's existing tree canopy while also preserving Natural heritage areas throughout the community. The new draft by-law will address the removal of trees that have a trunk size of 20cm or greater. Public consultations on the draft by-law will occur in Q1 2024.

The Town recognizes that trees provide various important environmental, social, health and economic benefits. The draft by-law intends to strike an appropriate balance between protecting the tree canopy cover and maintaining flexibility for landowners to responsibly manage their trees through a variety of mechanisms including exemptions, exemption permits and standard permits.

### Transportation Master Plan

The Town of East Gwillimbury initiated this update to the Transportation Master Plan to understand the transportation needs of the Town for the next 30 years. The last Transportation Master Plan that was carried out by the Town was in 2010. The Transportation Master Plan considers the needs of all aspects of transportation including vehicles, transit, cyclists, and pedestrians. The study is a long-term plan which identifies required infrastructure, policies, and programs to address both existing transportation challenges and future growth demand from new development areas for an overall effective transportation network to the year 2051. Some of the key findings of the study include: new and improved multi-modal roadways, addresses future travel needs in the whitebelt, updating infrastructure plans to be consistent with population and employment projections, linkages to new transportation such as the Bradford Bypass, and new sidewalk and cycling infrastructure. Public consultation on the draft Transportation Master Plan is expected to take place in Q2 2024.

### Water and Wastewater Master Plan

The Town of East Gwillimbury initiated this update to the Water and Wastewater Master Plan to understand the water and wastewater needs of the Town out to the 2051 planning horizon. The last Water and Wastewater Master Plan that was carried out by the Town was in 2009. The updated Water and Wastewater Master Plan was prepared to forecast and identify water distribution and wastewater collection system infrastructure that is anticipated to be required to service the Town to the projected planning horizon of 2051. The infrastructure modelling considered both existing conditions and projected population and employment growth over this period, with a focus on safe, efficient, and reliable supply of water and wastewater services. The Town will continue to work with the Region and neighbouring municipalities on the expansion of the York Durham Sewage System and the decommission of the Holland Landing Lagoons. Public consultation on the Water and Wastewater Master Plan is expected to take place in Q2 2024.

### Modernization Initiatives

Since 2018, the Town has been working towards implementing a number of modernization initiatives to better deliver value-based services to residents, businesses and stakeholders. The Town recognizes that customers needs are changing and is committed to exploring new avenues to provide service excellence.

The Town has introduced new digital applications that will increase efficiency and compliance. Some of the services that have been digitalized include: bylaw inspections, online payment services for permits and e-billing, reporting streetlight outages, and snowplow tracking. These online services will make it easier for residents to access town services in a convenient and reliable way.



## Long Term Reserve Strategy Planning to Support Future Growth

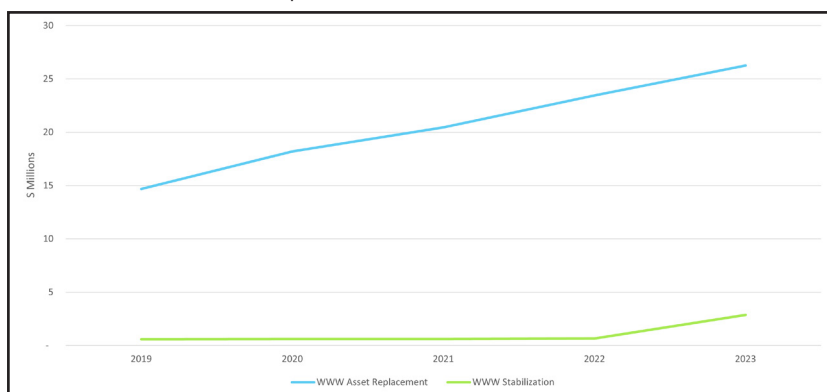
The Town continues to be in a debt free position. Future growth plans and construction may facilitate the need for financing in the future, however the Town remains in a strong financial position moving into the next phase of growth.

Annually, Town staff review and update a comprehensive ten-year capital budget, which details the timing, cost, and funding sources for all capital work required over the next ten years. This exercise is important in ensuring that sufficient reserves and funding sources are available at the time they are required so as not to compromise the Town's solid financial position. The ten-year capital forecast is informed by various master planning documents, including the Transportation Master Plan, Parks Master Plan, and Development Charge Background Study. It includes both repair and replacement projects as well as new projects that are required to service growth in East Gwillimbury.

In December 2023, the 2024-2033 capital forecast was received by Council for information as part of the Business Plan and Budget approval process. The total program identifies over \$325 million worth of projects, including: legislatively required studies and master planning; software, hardware and equipment replacement and new purchases; facility renovations and expansions; and, asset repair and rehabilitation work.

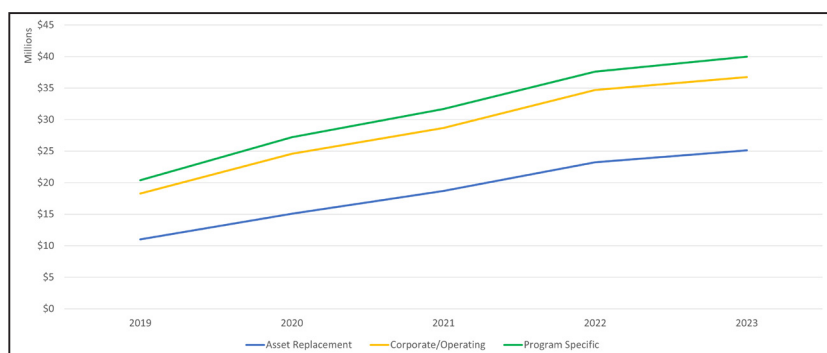
The following graphs demonstrate the fiscal responsibility of the Town in ensuring sufficient reserve growth to provide for future infrastructure requirements.

Water/Wastewater Reserves



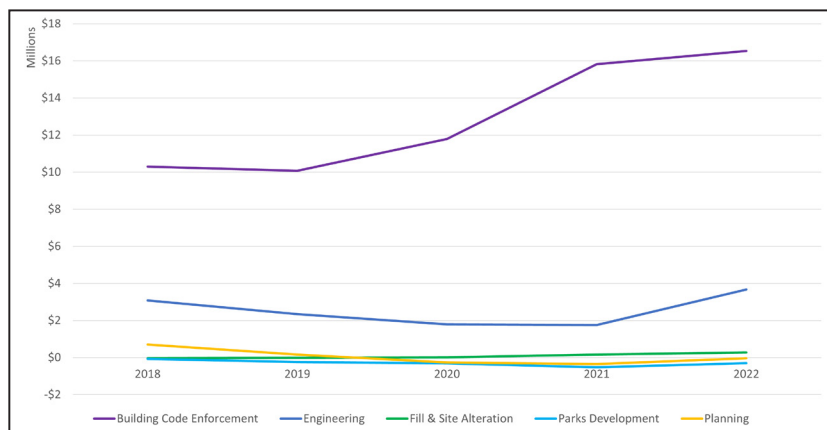
The water and wastewater reserve ensures sustainability for water and wastewater related asset requirements.

Operating Reserves



The Operating Reserves are related to program specific services, as well as capital and replacement/renewal initiatives. These reserves provide stability for the tax base and also provide growth related servicing needs.

Development and Fee Supported Reserves



The development and fee supported reserves are related to specific programs, such as building and planning, that are funded through fees. These reserves provide stability and financing for one-time initiatives.







Consolidated Financial Statements of

**TOWN OF EAST GWILLIMBURY**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
Vaughan, ON, L4K 0J3  
Tel 905 265 5900  
Fax 1 905 265 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, 2023
- 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, 2023, 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.

### ***Emphasis of Matter - Prospective Change in Accounting Policy***

We draw attention to Note 2 to the financial statements which indicates that the Entity has adopted certain public sector accounting standards on a prospective basis.

Our opinion is not modified in respect of this matter.

### ***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.





Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada  
June 27, 2024

# Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

## Financial Assets

	2023	2022
Cash	\$43,612,299	\$72,456,592
Investments (note 5)	\$134,225,005	\$102,814,005
Taxes receivable	\$8,722,527	\$6,982,317
User charges receivable	\$2,014,579	\$868,524
Accounts receivable	\$5,554,519	\$3,589,221
	\$194,128,929	\$186,710,659

## Financial Liabilities

Accounts payable and accrued liabilities	\$21,956,627	\$8,861,618
Employee and elected official future salaries and benefits payable (note 6)	\$2,092,222	\$1,918,515
Deposits and deferred revenue (note 7)	\$10,591,830	\$10,767,780
Obligatory reserve funds (note 8)	\$55,065,117	\$67,687,408
Asset retirement obligation (note 11)	\$1,499,975	–
	\$91,205,771	\$89,235,321

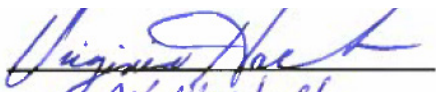

Net financial assets	\$102,923,158	\$97,475,338
Non-financial assets:		
Prepaid expenses	\$436,311	\$441,222
Tangible capital assets (note 12)	\$280,756,268	\$241,374,919
	\$281,192,579	\$241,816,141

Commitments and contingencies (notes 14 and 16)

Accumulated surplus (note 18)	\$384,115,737	\$339,291,479
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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, 2023, with comparative information for 2022

## Revenue

	2023 Budget (note 3)	2023	2022
Net taxation charges (note 9)	\$ 30,032,361	\$30,957,466	\$ 28,792,550
User charges	\$19,907,378	\$22,519,344	\$23,011,595
Charges to developers	\$39,907,714	\$27,140,974	\$10,762,540
Government transfers (note 10)	\$3,470,144	\$1,933,213	\$1,679,633
Penalties on taxes	\$500,000	\$955,759	\$723,477
Investment income	\$500,000	\$3,737,998	\$1,835,443
Contributed tangible capital assets	–	\$17,819,917	\$21,527,543
Other	\$182,665	\$733,589	\$462,535
	\$94,500,262	\$105,798,260	\$88,795,316

## Expenses

General government	\$42,221,033	\$10,903,401	\$9,353,546
Protection to persons and property	\$10,178,523	\$10,243,686	\$9,846,267
Transportation services	\$10,061,524	\$10,601,560	\$9,984,453
Environmental services	\$14,530,605	\$17,583,761	\$16,829,268
Recreation and cultural services	\$14,558,526	\$10,223,864	\$9,546,951
Planning and development	\$4,591,348	\$1,591,069	\$1,431,282
	\$96,141,559	\$61,157,341	\$56,991,767
Annual surplus (deficit) before the undernoted	(\$1,641,297)	\$44,640,919	\$31,803,549
Gain (loss) on sale of tangible capital assets	–	\$183,339	(\$8,299)
Annual surplus (deficit)	(\$1,641,297)	\$44,824,258	\$31,795,250
Accumulated surplus, beginning of year	\$339,291,479	\$339,291,479	\$307,496,229
Accumulated surplus, end of year	\$ 337,650,182	\$ 384,115,737	\$ 339,291,479

See accompanying notes to consolidated financial statements.



# Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 3)	2023	2022
Annual surplus (deficit)	(\$1,641,297)	\$ 44,824,258	\$ 31,795,250
Acquisition of tangible capital assets	(\$132,760)	(\$31,818,287)	(\$8,459,231)
Asset retirement obligation	–	(\$1,499,975)	–
Contributed tangible capital assets	–	(\$17,819,917)	(\$21,527,543)
Amortization of tangible capital assets	–	\$11,680,281	\$11,047,693
Accretion expense	–	\$68,984	–
Proceeds from sale of tangible capital assets	–	\$190,904	\$123,195
Loss (gain) on sale of tangible capital assets	–	(\$183,339)	\$8,299
	(\$1,774,057)	\$5,442,909	\$12,987,663
Change in prepaid expenses	–	\$ 4,911	(\$99,044)
Change in net financial assets	(\$1,774,057)	\$5,447,820	\$12,888,619
Net financial assets, beginning of year	\$97,475,338	\$97,475,338	\$84,586,719
Net financial assets, end of year	\$95,701,281	\$102,923,158	\$97,475,338

See accompanying notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

## Cash provided by (used in):

	2023	2022
Operating activities:		
Annual surplus	\$44,824,258	\$31,795,250
Items not involving cash:		
Amortization of tangible capital assets	\$11,680,281	\$11,047,693
Accretion expense	\$68,984	–
Contributed tangible capital assets	(\$17,819,917)	(\$21,527,543)
Loss (gain) on sale of tangible capital assets	(\$183,339)	\$8,299
Change in non-cash operating items:		
Taxes receivable	(\$1,740,210)	(\$975,261)
User charges receivable	(\$1,146,055)	\$859,687
Accounts receivable	(\$1,965,298)	(\$897,957)
Accounts payable and accrued liabilities	\$13,095,009	(\$3,980,154)
Employee and elected official future salaries and benefits payable	\$173,707	\$154,256
Deposits and deferred revenue	(\$175,950)	\$524,700
Obligatory reserve funds	(\$12,622,291)	\$7,761,823
Prepaid expenses	\$4,911	(\$99,044)
	\$34,194,090	\$24,671,749
Capital activities:		
Proceeds from sale of tangible capital assets	\$190,904	\$123,195
Acquisition of tangible capital assets	(\$31,818,287)	(\$8,459,231)
	(\$31,627,383)	(\$8,336,036)
Investing activities:		
Acquisition of short-term investments	(\$31,411,000)	(\$50,814,005)
Decrease in cash	(\$28,844,293)	(\$34,478,292)
Cash, beginning of year	\$72,456,592	\$106,934,884
Cash, end of year	\$43,612,299	\$72,456,592

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

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. The Mayor is elected at large and Councillors each represent a ward of the community. 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 consolidated 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, 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 (“Library”) have been fully consolidated in these consolidated financial statements.

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

The taxation, other revenue, expenses, assets and liabilities with respect to the 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:

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

d. Cash:

Cash include cash on hand and balances held with financial institutions.



## 1. Significant accounting policies (continued):

e. Government transfers:

Government transfers include entitlements, transfers under shared cost agreements and grants. Government transfers are recognized in the consolidated 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 consolidated statement of operations and accumulated surplus 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, the fair value of contributed tangible assets, and asset retirement obligations.

In addition, the Town's implementation of PS 3280 Asset Retirement Obligations ("PS 3280") comes with a level of uncertainty surrounding the estimates, due to several factors including but not limited to incomplete information, unknown settlement dates, and allocation of costs between required and discretionary activities. The estimate has resulted in an estimate regarding the useful lives of the affected tangible capital assets and the expected retirement costs based on best information available at this time.

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.

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.

## 1. Significant accounting policies (continued):

### 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.

### i. Leases:

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefit 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
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All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis.

## 1. Significant accounting policies (continued):

j. Deferred revenue - obligatory reserve funds:

Deferred revenue represents 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 revenue in the fiscal year the services are performed. The Town receives development charges, parkland, Canada Community Building, 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 year earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

l. Budget figures:

The budgets originally approved by the Town for 2023, adjusted as noted below, are reflected on the consolidated statement of operations and accumulated surplus and the consolidated statement of change 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 and accumulated surplus 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.



## 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 revenue is recognized when the connection has been established. User fees and other revenue 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. Development charge credit liabilities:

Development charge credit 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.

### p. Asset retirement obligation

An asset retirement obligation should be recognized when, as at the financial reporting date, all the following criteria are met:

- 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.
- A reasonable estimate of the amount can be made.

A liability has been recognized for the removal of asbestos in multiple buildings owned by the Town, based on estimated future expenses on closure of the site.

The liability is discounted using a present value technique and is adjusted annually for accretion expense. The recognition of a liability resulted in an increase to the respective tangible capital assets. This increase is being amortized in accordance with the amortization accounting policies outlined above in (h).

## 1. Significant accounting policies (continued):

### Asset retirement obligation (continued)

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 recognized in the consolidated statement of operations when remediation is complete.

#### q. Future accounting pronouncements:

These following standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of these accounting standards updates on future financial statements.

- i. PS 3160, Public Private Partnerships (“P3s”), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Town’s December 31, 2024 year-end).
- ii. PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Town’s December 31, 2024 year-end).
- iii. Public Sector Guideline 8 Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Town’s December 31, 2024 year-end).
- iv. 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

## 2. Change in accounting policies:

### a. PS 3280 Asset Retirement Obligation:

The Town adopted PS 3280 on January 1, 2023. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings, by public sector entities. The standard was adopted on a prospective basis at the date of adoption. As a result, there is no adjustment required for the comparative balances.

The Town recognized obligation on several facilities owned by the Town that are presumed to contain asbestos. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded.

The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying amount of the associated assets and amortized over the asset's estimated useful life.

The asset retirement obligations arise from the removal and disposal of designated substances, such as asbestos, from Town buildings. The liability concerning this legal obligation arises from the obligation to incur costs to retire the tangible capital asset.

To assess where designated substances may be present in Town facilities and to estimate the liability, the Town engaged an environmental firm to conduct an external assessment, providing a budgeted estimate per square footage for the removal of designated substances on two facilities.

For similar buildings where an assessment from the environmental firm is absent, the Town relied on building condition assessments to identify assets and the nature of designated substances, facilitating the measurement of the liability for a group of similar assets. The Town anticipates revising the liability as additional information becomes available, utilizing budgeted rates for other applicable, similar facilities.

As a result of applying the new accounting standard, on January 1, 2023 the Town recognized an asset retirement obligation relating to several buildings owned by the Town that contain asbestos, resulting in the following adjustments:

- i. An increase of \$1,430,991 to the facilities capital asset account, representing the estimate of the obligation.
- ii. An asset retirement obligation in the amount of \$1,430,991, representing the discounted current value of the liability



## 2. Change in accounting policies (continued):

- b. PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Preparation and PS 3041 Portfolio Investments:

On January 1, 2023, the Town adopted PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Preparation and PS 3041 Portfolio Investments. These standards are effective for the year ended December 31, 2023 and are required to be implemented concurrently. These standards were adopted prospectively from the date of adoption with no significant impact. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

The new accounting standard establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments (such as receivables, payables, and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). Any unrealized gains and losses are reported through a new statement called statement of remeasurement gains and losses. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity. The Town does not currently hold any derivative financial instruments.

In accordance with the provision of this new standard, all financial instruments held on January 1, 2023 have been recorded at amortized cost, therefore, no adjustments were recorded upon adoption.

## 3. Budget reconciliation:

The authority of Council is required before monies can be spent by the Town. 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 and accumulated surplus. 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	\$94,500,262	\$ 94,500,262
Transfer to/from other funds		\$5,907,797
Total Council approved budget	\$94,500,262	\$100,408,059
Less tangible capital assets capitalized	–	(\$4,266,500)
Adjusted budget per consolidated statement of operations	\$94,500,262	\$96,141,559

## 4. Financial instruments:

The Town may be exposed to a variety of financial risks including credit risk, liquidity risk and market risk:

a. Credit risk:

Credit risk is the risk of a financial loss to the Town if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Town consisting of cash, accounts receivables, and investments.

The Town's credit risk is primarily attributable to its receivables. The amounts disclosed in the consolidated statement of financial position are net of an allowance for doubtful accounts, estimated by management of the Town.

The Town does not have any significant past due accounts receivable that are not provided for. The Town actively monitors accounts receivable and has the right to enforce payment as per the contract.

The credit risk on cash and investments is limited because the counterparties are chartered banks and financial institutions with high credit ratings assigned by national credit rating agencies. The Town's investment policy contains strict guidelines regarding the types of low-risk investments that are permitted, and the investments are managed by an investment manager to mitigate risk.

b. Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they become due. The Town's objective is to have sufficient liquidity to ensure current and future obligations will be met when due. The Town monitors its cash balance and cash flows generated from operations to meet its liquidity requirements.

c. Market risk:

Market risk is comprised of three types of risk: interest rate risk, currency risk and price risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town limits its exposure to interest rate risk by investing in fixed income guaranteed investment certificates. As at December 31, 2023, the Town did not hold financial assets or liabilities that expose it to significant variation in cash flow due to fluctuations in interest rates.

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The Town is not exposed to any significant currency risk due to limited foreign currency transactions.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Town mitigates price risk by maintaining low-risk bearing investments that are assigned high credit ratings by national credit rating agencies.

## 5. Investments:

	2023	2022
Guaranteed investment certificates, interest rate between 1.60% and 5% (2022 - 1.60% and 5%)	\$134,225,005	\$102,814,005
Maturing by:		
March 2023	–	\$10,000,000
April 2023	–	\$10,000,000
March 2024	\$25,000,000	\$25,000,000
April 2024	\$10,352,000	\$10,000,000
October 2024	\$5,000,000	–
March 2025	\$15,518,500	\$15,518,500
March 2026	\$17,521,505	\$17,295,505
December 2026	\$5,000,000	–
March 2027	\$15,000,000	\$15,000,000
April 2028	\$5,295,000	–
March 2030	\$10,292,000	–
April 2030	\$10,246,000	–
November 2030	\$10,000,000	–
December 2030	\$5,000,000	–

As at December 31, 2023 the investments have a market value of \$134,566,746 (2022 - \$101,961,958).



## 6. 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.

	2023	2022
Vacation pay and banked overtime	\$ 1,163,697	\$1,107,685
Council severance	\$126,640	\$104,364
Accrued post retirement non-pension benefits	\$756,317	\$660,442
Pay for performance program	\$45,568	\$46,024
Total employee future benefits payable	\$ 2,092,222	\$ 1,918,515

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 2023 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, 2023, 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.

## 6. Employee and elected official future salaries and benefits payable (continued):

### a. General Inflation:

Future general inflation levels were assumed to increase at 1.75% (2022 - 1.75%) per year.

### b. Interest (discount) rate:

The present value of the post employment benefit liability was determined using a discount rate of 3.25% (2022 - 3.25%).

### c. Health costs:

Health costs were assumed to increase at an average of 5.0834% for 2023 reducing by 0.333% per year to reach 3.75% per year starting in 2027 (2021 - 5.7501%).

### d. Dental costs:

Dental costs were assumed to increase at an average of 3.75% (2021 - 3.75%) per year, set at CPI plus 2.00%

## 7. Deposits and deferred revenue:

The Town has total deposits and deferred revenue of \$10,591,830 (2022 - \$10,767,780). Deferred revenue represents \$7,346,756 (2022 - \$7,273,784) 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:

	2023	2022
Balance, beginning of year	\$7,273,784	\$7,110,597
Contributions received	\$2,085,145	\$1,634,210
Amounts recognized as revenue	(\$2,012,173)	(\$1,471,023)
Balance, end of year	\$ 7,346,756	\$7,273,784

## 8. Obligatory reserve funds:

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

	2023	2022
Development charges, opening balance	\$60,631,369	\$ 54,917,426
Add:		
Developer contributions	\$14,979,313	\$12,623,129
Interest earned	\$2,102,640	\$1,248,125
Deduct:		
Amounts used for eligible capital projects	(\$25,123,949)	(\$7,523,061)
Credit issued	(\$5,363,056)	(\$634,251)
Development charges, ending balance	\$47,226,317	\$ 60,631,368
Parkland, opening balance	\$2,002,681	\$ 1,161,638
Add:		
Developer contributions	\$9,332	\$806,853
Interest earned	\$79,489	\$34,190
Deduct:		
Amounts used for eligible capital projects	–	–
Parkland, ending balance	\$2,091,502	\$ 2,002,681
Canada Community Building Fund, opening balance	\$ 4,121,622	\$3,552,264
Add:		
Allocation received	\$793,960	\$760,878
Interest earned	\$221,547	\$87,621
Deduct:		
Amounts used for eligible capital projects	(\$418,364)	(\$279,141)
Canada Community Building Fund, ending balance	\$ 4,718,765	\$4,121,622
Ontario Municipal Partnership Fund, opening balance	\$ 796,639	\$10,188
Add:		
Allocation received	\$884,756	\$1,040,889
Interest earned	\$43,220	\$9,212
Deduct:		
Amounts used for eligible capital projects	(\$817,429)	(\$263,650)
Ontario Municipal Partnership Fund, ending balance	\$ 907,186	\$796,639
Technology Modernization Fund, opening balance	\$ 135,098	\$284,069
Add:		
Allocation received	–	–
Interest earned	\$6,427	\$4,786
Deduct:		
Amounts used for eligible capital projects	(\$20,178)	(\$153,757)
Technology Modernization Fund, ending balance	\$ 121,347	\$135,098
Total obligatory reserve funds	\$ 55,065,117	\$67,687,408



## 9. Net taxation charges:

Net taxation charges consist of the following:

	2023	2022
Total taxes levied by the Town	\$ 82,805,297	\$ 78,472,155
Less:		
Taxes levied on behalf of the Region of York	\$33,555,326	\$31,270,839
Taxes levied on behalf of the School Boards	\$18,292,505	\$18,408,766
	\$51,847,831	\$49,679,605
Total net taxation charges	\$ 30,957,466	\$28,792,550

## 10. 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 notes 6 and 7). Grants are also received to support specific program areas such as recreation programs, etc.

The following kinds of transfers were included in revenue:

	2023	2022
Grants with stipulations	\$1,615,747	\$1,534,033
Other grants	\$317,466	\$145,600
Total government transfers	\$1,933,213	\$1,679,633

## 11. Asset retirement obligation

The Town owns and operates multiple buildings that are assumed to have asbestos based off criteria, such as building age and condition, which represents a health hazard upon demolition of the building and has a legal obligation to be removed. With the adoption of PS 3280, the Town recognized an obligation relating to the removal of the asbestos in these buildings as estimated, at January 1, 2023. An obligation for the costs at present value has been recorded using a discount factor of 3.66% per annum. The corresponding expense is recorded in recreation and cultural services.

Changes to the asset retirement obligation in the year:

Asset retirement obligation	Asbestos Removal
Opening Balance, January 1, 2023	\$1,430,991
Accretion Expense	\$68,984
Closing Balance, December 31, 2023	\$1,499,975

## 12. Tangible capital assets:

	Balance, December 31, 2022	Additions	Disposals	Asset retirement obligation	Balance, December 31, 2023
<b>Cost</b>					
Transportation infrastructure	\$ 76,401,373	\$9,365,483	–	–	\$ 85,766,856
Environmental infrastructure	\$130,064,918	\$11,132,534	–	–	\$141,197,452
Facilities	\$46,364,856	\$300,067	–	\$1,430,991	\$48,095,914
Vehicles	\$10,664,735	\$646,838	(\$665,014)	–	\$10,646,559
Machinery and equipment	\$8,206,929	\$944,866	(\$543,509)	–	\$8,608,286
Land improvements	\$19,732,540	\$1,315,028	–	–	\$21,047,568
Land	\$69,070,980	–	–	–	\$69,070,980
	\$360,506,331	\$23,704,816	(\$1,208,523)	\$1,430,991	\$384,433,615
Capital work in progress	\$10,448,607	\$29,374,472	(\$3,441,089)	–	\$36,381,990
	\$ 370,954,938	\$53,079,288	(\$4,649,612)	\$1,430,991	\$420,815,605
	Balance, December 31, 2022	Additions	Disposals	Asset retirement obligation	Balance, December 31, 2023
<b>Accumulated amortization</b>					
Transportation infrastructure	\$41,605,198	\$4,071,883	–	–	\$45,677,081
Environmental infrastructure	\$54,917,399	\$4,084,403	–	–	\$59,001,802
Facilities	\$13,434,332	\$1,172,796	–	\$95,902	\$14,703,030
Vehicles	\$6,039,601	\$820,860	(\$661,254)	–	\$6,199,207
Machinery and equipment	\$5,523,693	\$695,400	(\$539,707)	–	\$5,679,386
Land improvements	\$8,059,796	\$739,035	–	–	\$8,798,831
	\$129,580,019	\$11,584,377	(\$1,200,961)	\$95,902	\$140,059,337
	Net book value, December 31, 2022		Net book value, December 31, 2023		
Transportation infrastructure	\$34,796,175		\$40,089,775		
Environmental infrastructure	\$75,147,519		\$82,195,650		
Facilities	\$32,930,524		\$33,392,884		
Vehicles	\$4,625,134		\$4,447,352		
Machinery and equipment	\$2,683,236		\$2,928,900		
Land improvements	\$11,672,744		\$12,248,737		
Land	\$69,070,980		\$69,070,980		
	\$230,926,312		\$244,374,278		
Capital work in progress	\$10,448,607		\$36,381,990		
	\$241,374,919		\$280,756,268		

## 12. Tangible capital assets (continued):

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.

Assets under construction:

Assets under construction and other capital work in progress having a value of \$ 36,381,990 (2022 - \$10,448,607) have not been amortized. Amortization of these assets will commence when the asset is put into service.

## 13. Contractual obligations:

During the year, the Town had work done on several major projects with contract values totaling \$88,821,059 (2022 - \$106,016,566). These contracts relate to the construction and expansion of certain permanent facilities that will be constructed in 2023 or later periods. As at December 31, 2023, \$60,081,609 (2022 - \$77,842,803) relating to these contracts had not been expended.

## 14. Commitments:

The Town has entered into a lease agreement until 2024 with minimum amounts payable in fiscal 2024 of \$55,200.

## 15. Pension plan:

The Town makes contributions to 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136.2 billion in respect of benefits accrued for service with actuarial assets at that date of \$131.9 billion indicating an actuarial deficit of \$4.2 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. Matching contributions made by the Town to OMERS for 2023 were \$1,835,406 (2022 - \$1,715,220).

## 16. 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 consolidated financial position.

## 17. 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.

## 18. Accumulated surplus:

Accumulated surplus is comprised of the following:

<b>Town Reserves</b>	<b>2023</b>	<b>2022</b>
Corporate/operating:		
Working capital/Tax stabilization	\$ 3,427,257	\$3,473,762
General capital	\$7,508,484	\$7,360,973
COVID operating grant	\$679,009	\$653,088
	<b>\$11,614,750</b>	<b>\$11,487,823</b>
Program specific:		
Election	\$123,383	\$16,776
Emergency services	\$490,100	\$567,786
Insurance	\$649,525	\$605,473
Winter maintenance	\$577,569	\$562,231
Real estate legal and administration	\$746,622	\$718,120
Climate change initiatives	\$158,225	\$152,185
Farmers market	\$9,660	\$9,291
Public art	\$199,819	\$255,044
Library operating	\$143,973	\$137,580
Library fundraising	\$157,382	\$161,387
	<b>\$3,256,258</b>	<b>\$3,185,873</b>
Development specific:		
Building code enforcement	\$16,874,101	\$16,541,259
Planning Act	(\$122,188)	(\$41,173)
Engineering fees	\$3,656,008	\$3,672,802
Parks development fees	(\$428,985)	(\$302,496)
Fill and site alteration	\$377,512	\$276,253
	<b>\$20,356,448</b>	<b>\$20,146,645</b>
Asset management:		
Parks structures	\$1,139,829	\$1,636,453
Library asset replacement	\$663,838	\$567,426
Public works roads	\$177,003	\$170,246
Vehicle and equipment replacement - tax levy	\$5,042,659	\$5,656,561
Information technology	\$2,187,966	\$2,079,181
Buildings	\$9,075,690	\$8,272,788
Roads tax levy	\$6,597,954	\$4,615,049
Municipal parking	\$235,896	\$226,890
	<b>\$25,120,835</b>	<b>\$23,224,594</b>



## 18. Accumulated surplus (continued):

	2023	2022
Community capital contribution:		
Environment and watershed enhancement	\$719,014	\$732,617
Ineligible due to level of service	\$2,815,303	\$2,620,370
10% mandatory development credit reduction	\$1,837,823	\$2,470,086
Parkland acquisition	\$3,874,294	\$3,567,948
Administration facilities	\$4,874,315	\$4,486,232
Art and culture heritage	\$1,731,326	\$1,588,089
Economic development initiatives and servicing	\$1,418,225	\$1,636,880
	<hr/> \$17,270,300	<hr/> \$17,102,222
<b>Water and Wastewater</b>		
Stabilization:		
Water and sewer rate stabilization	\$2,874,193	\$648,183
Asset management:		
Vehicle and equipment replacement - water and sewer	\$265,079	\$324,382
Infrastructure - water and sewer	\$25,956,345	\$23,105,056
Rate supported - water and sewer	\$22,693	\$22,693
	<hr/> \$26,244,117	<hr/> \$23,452,131
Total reserves before the undernoted	\$106,736,901	\$99,247,471
Supplementary taxes - unbilled	\$123,414	\$186,192
	<hr/>	<hr/>
Total reserves	\$106,860,315	\$99,433,663
Advanced capital projects to be reimbursed by development charges	(\$2,000,871)	(\$1,517,103)
Invested in tangible capital assets	\$280,756,268	\$241,374,919
Asset retirement obligation	(\$1,499,975)	–
	<hr/>	<hr/>
Accumulated surplus	\$384,115,737	\$339,291,479

## 19. 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 wastewater and waste/recycling collection.

e. Recreation and cultural services:

Recreation and cultural services are 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 revenue 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.

## Segmented information (continued):

	Consolidated		General government		Protection to persons and property		Transportation services	
	2023	2022	2023	2022	2023	2022	2023	2022
Expenses:								
Salaries and wages	\$26,803,535	\$24,666,136	\$5,238,576	\$4,219,788	\$7,796,455	\$7,350,922	\$3,610,034	\$3,460,475
Materials	\$4,139,875	\$5,478,871	\$1,200,370	\$1,977,167	\$523,890	\$546,735	\$741,541	\$1,013,019
Contracted services	\$18,284,578	\$15,647,137	\$3,514,087	\$2,447,449	\$1,095,356	\$1,111,074	\$1,844,589	\$1,504,652
Rents and financial	\$180,088	\$151,930	\$44,822	\$41,520	–	–	–	–
Amortization	\$11,680,281	\$11,047,693	\$905,544	\$667,622	\$827,985	\$837,536	\$4,405,396	\$4,006,307
Accretion	\$68,984	–	–	–	–	–	–	–
	\$61,157,341	\$56,991,767	\$10,903,399	\$9,353,546	\$10,243,686	\$9,846,267	\$10,601,560	\$9,984,453
Revenue:								
Net taxation charges	(\$30,957,466)	(\$28,792,550)	(\$30,957,466)	(\$28,792,550)	–	–	–	–
User charges	(\$22,519,344)	(\$23,011,595)	(\$254,584)	(\$313,274)	(\$2,748,353)	(\$3,362,021)	(\$829,150)	(\$2,923,280)
Charges to developers	(\$27,140,974)	(\$10,762,540)	(\$1,404,113)	(\$1,940,933)	(\$69,887)	(\$11,124)	(\$845,420)	(\$601,801)
Grants	(\$1,933,213)	(\$1,679,633)	(\$284,156)	(\$491,418)	(\$514)	(\$504)	(\$1,344,227)	(\$817,042)
Penalties on taxes	(\$955,759)	(\$723,477)	(\$955,759)	(\$723,477)	–	–	–	–
Investment income	(\$3,737,998)	(\$1,835,443)	(\$3,732,537)	(\$1,832,489)	–	–	–	–
Contributed to tangible								
Capital assets	(\$17,819,917)	(\$21,527,543)	(\$17,819,917)	(\$21,527,543)	–	–	–	–
Sale of assets	(\$77,851)	–	\$127,616	–	(\$30,000)	–	(\$70,950)	–
Other	(\$655,738)	(\$462,535)	(\$148,228)	\$50,928	(\$211,038)	(\$207,337)	(\$28,296)	(\$8,922)
	(\$105,798,260)	(\$88,795,316)	(\$55,429,144)	(\$55,570,756)	(\$3,059,792)	(\$3,580,986)	(\$3,118,043)	(\$4,351,045)
Annual surplus (deficit) before gain/loss of tangible capital assets	\$44,640,919	\$31,803,549	\$44,525,745	\$46,217,210	(\$7,183,894)	(\$6,265,281)	(\$7,483,517)	(\$5,633,408)

## Segmented information (continued):

	Environmental services		Recreation and cultural services		Planning and Development	
	2023	2022	2023	2022	2023	2022
Expenses:						
Salaries and wages	\$3,233,483	\$3,057,801	\$5,920,278	\$5,340,035	\$1,004,709	\$1,237,115
Materials	\$506,278	\$584,189	\$1,143,248	\$1,345,437	\$24,548	\$12,324
Contracted services	\$9,714,808	\$8,964,514	\$1,553,925	\$1,437,605	\$561,813	\$181,843
Rents and financial	–	–	\$135,266	\$110,410	–	–
Amortization	\$4,129,193	\$4,222,764	\$1,412,163	\$1,313,464	–	–
Accretion	–	–	\$68,984	–	–	–
	\$17,583,762	\$16,829,268	\$10,233,864	\$9,546,951	1,591,070	\$1,431,282
Revenue:						
Net taxation charges	–	–	–	–	–	–
User charges	(\$16,187,731)	(\$13,647,061)	(\$1,800,930)	(\$1,673,723)	(\$698,596)	(\$1,092,236)
Charges to developers	(\$104,329)	(\$143,030)	(\$24,658,331)	(\$8,003,623)	(\$58,894)	(\$62,029)
Grants	(\$164,950)	(\$168,933)	(\$138,959)	(\$201,736)	(\$407)	–
Penalties on taxes	–	–	–	–	–	–
Investment income	–	–	(\$5,461)	(\$2,954)	–	–
Contributed to tangible						
Capital assets	–	–	–	–	–	–
Sale of assets	(\$22,267)	–	(\$82,250)	–	–	–
Other	(\$181,667)	(\$165,043)	(\$86,420)	(\$132,114)	(\$89)	(\$47)
	(\$16,660,944)	(\$14,124,067)	(\$26,772,351)	(\$10,014,150)	(\$757,986)	(\$1,154,312)
Annual surplus (deficit) before gain/loss of tangible capital assets	(\$922,818)	(\$2,705,201)	\$16,538,487	\$467,199	(\$833,084)	(\$276,970)







## Five Year Financial Review

Revenue	2023	2022	2021	2020	2019
Net taxation charges	\$30,957,466	\$28,792,550	\$27,428,019	\$26,715,840	\$24,095,678
User charges	\$22,519,344	\$23,011,595	\$22,998,166	\$19,072,713	\$16,698,878
Charges to developers	\$27,140,974	\$10,762,540	\$10,798,387	\$18,469,012	\$9,951,762
Grants/Government Transfers	\$1,933,213	\$1,679,633	\$3,179,510	\$2,921,242	\$1,699,373
Penalties on taxes	\$955,759	\$723,477	\$787,797	\$486,592	\$655,483
Investment income	\$3,737,998	\$1,835,443	\$907,082	\$1,047,554	\$1,384,693
Other Revenue	\$733,589	\$462,538	\$366,505	\$458,476	\$1,435,454
Contributed tangible capital assets	\$17,819,917	\$21,527,543	\$13,720,136	\$26,898,791	\$679,573
	\$105,798,260	\$88,795,316	\$80,185,602	\$96,070,220	\$56,600,894
<b>Net Taxation Charges</b>					
Total Taxes levied by Town	\$82,805,297	\$78,472,155	\$74,326,044	\$71,854,023	\$68,103,566
Less: Taxes Levied on behalf of York Region	\$33,555,326	\$31,270,839	\$29,223,061	\$28,044,820	\$27,102,214
Less: Taxes Levied on behalf of School Boards	\$18,292,505	\$18,408,766	\$17,674,964	\$17,093,363	\$16,905,674
Total net taxation charges	\$30,957,466	\$28,792,550	\$27,428,019	\$26,715,840	\$24,095,678
<b>Expenses by Function</b>					
General government	\$10,903,401	\$9,353,546	\$7,758,684	\$7,134,689	\$5,718,537
Protection to persons and property	\$10,243,686	\$9,846,267	\$9,340,277	\$9,138,734	\$8,609,581
Transportation services	\$10,601,560	\$9,984,453	\$9,386,567	\$8,981,564	\$8,586,694
Environmental services	\$17,583,761	\$16,829,268	\$14,891,516	\$14,339,485	\$11,606,947
Recreation and cultural services	\$10,233,864	\$9,546,951	\$9,434,269	\$8,058,139	\$8,820,136
Planning and development	\$1,591,069	\$1,431,282	\$1,840,487	\$2,097,215	\$1,677,021
	\$61,157,341	\$56,991,767	\$52,651,800	\$49,749,826	45,018,916
<b>Expenses by Object</b>					
Salaries and wages	\$26,803,535	\$24,666,136	\$23,146,164	\$21,704,209	\$21,290,930
Materials	\$4,139,875	\$5,478,871	\$5,229,443	\$5,327,626	\$4,071,575
Contracted Services	\$18,284,578	\$15,647,137	\$15,053,382	\$13,165,947	\$13,404,995
Rents and financial exp	\$180,088	\$151,930	\$133,946	\$35,672	-
Amortization	\$11,680,281	\$11,047,693	\$9,088,865	\$9,516,372	\$6,251,416
Accretion	\$68,984	-	-	-	-
	\$61,157,341	\$56,991,767	\$52,651,800	\$49,749,826	\$45,018,916
Gain/(Loss) on sale of tangible capital assets	\$183,339	(\$8,299)	\$96,403	(\$202,688)	(\$324,093)
<b>Annual Surplus</b>	<b>\$44,824,258</b>	<b>\$31,795,253</b>	<b>\$27,630,205</b>	<b>\$46,117,706</b>	<b>\$11,257,885</b>

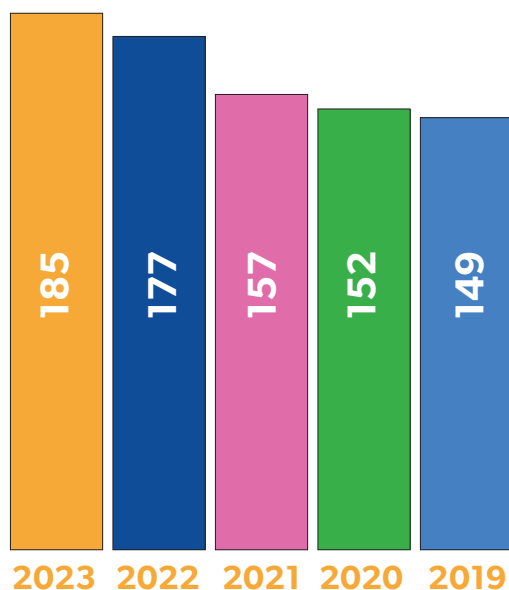
## Five Year Financial Review (continued)

### Accumulated Surplus

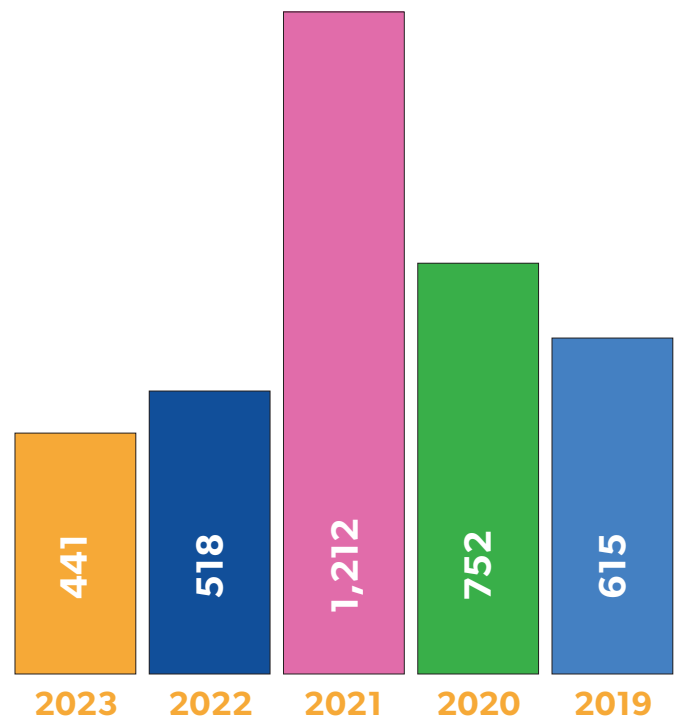
Reserves	\$89,466,601	\$82,145,249	\$69,865,244	\$59,311,383	\$48,007,139
Community Capital Contribution	\$17,270,300	\$17,102,222	\$16,674,756	\$13,589,775	\$12,634,886
Supplementary Taxes (unbilled) included in General Capital	\$123,414	\$186,191	\$170,546	\$150,195	\$190,592
<b>Total Reserves</b>	<b>\$ 106,860,315</b>	<b>\$99,433,662</b>	<b>\$86,710,546</b>	<b>\$73,051,353</b>	<b>\$60,832,617</b>
Front Ended Capital Projects to be recovered by development Charges	(\$2,000,871)	(\$1,517,103)	(\$1,781,649)	(\$1,861,297)	(\$1,091,792)
Investment in tangible capital assets	\$280,756,268	\$241,374,920	\$222,567,332	\$208,675,968	\$174,007,494
Asset Retirement Obligation	(\$1,499,975)	-	-	-	-
<b>Accumulated Surplus</b>	<b>\$384,115,737</b>	<b>\$339,291,479</b>	<b>\$307,496,229</b>	<b>\$279,866,024</b>	<b>\$233,748,319</b>
Acquisition of Tangible Capital Assets	\$53,079,288	\$53,276,041	\$24,712,562	\$47,574,909	\$15,248,946
Net Financial Assets	\$102,923,158	\$97,475,337	\$84,586,719	\$71,001,754	\$59,369,666
Total Debt	-	-	-	-	-
Total Debt Outstanding Per Capita	-	-	-	-	-

## Total Building Permits Issued

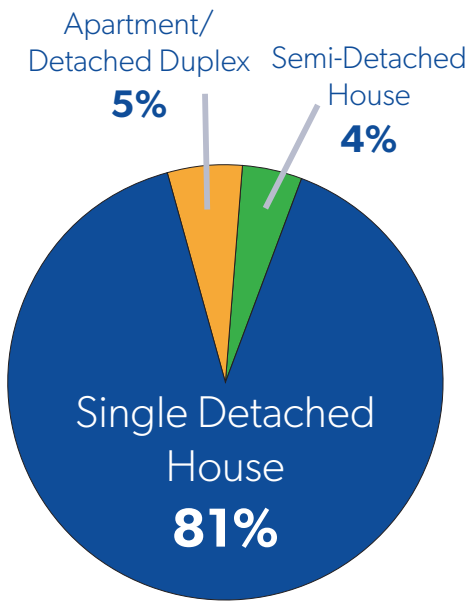
### Full-Time Equivalent Employees



(per 2024 Business Plan and Budget)

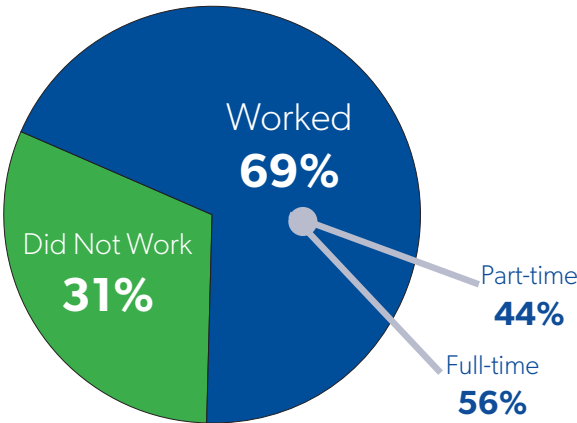


# Statistical Data

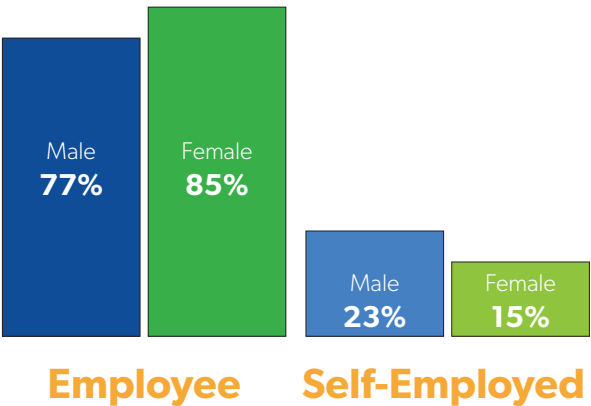


## Full-time or Part-time weeks worked

Total number of persons that worked in the past 52 weeks: 31, 563



## Labour Force by Class of Worker



## Top Employers in EG

- Longo's
- New Leaf
- Multimatic
- Geo A. Kelson
- Skelton Canada
- Costco Wholesale
- Landmark Bus Lines
- Real Canadian Superstore
- Rona+ Home Improvement



Sourced from York Region

All data sourced from Manifold SuperDemographics 2023, unless otherwise specified.



# Statistical Data (continued)

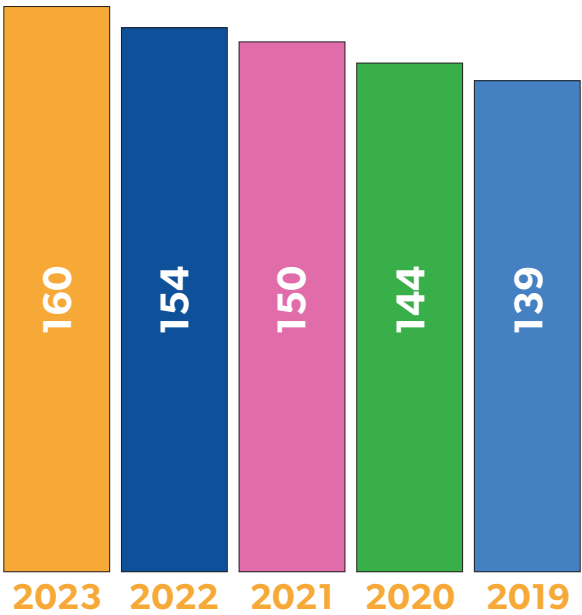
## Demographics

Average Household Income\*



\*as per the York Region Growth and Development Review Report

Population Density per square kilometre\*



\*as per the York Region Growth and Development Review Report

Population\*



\*as per the York Region Growth and Development Review Report

# 2023 Annual Financial Report

Information on the Town of East Gwillimbury is available at [www.eastgwillimbury.ca](http://www.eastgwillimbury.ca)



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