

Consolidated Financial Statements of

TOWN OF EAST GWILLIMBURY

And Independent Auditor's Report thereon

Year ended December 31, 2024



KPMG LLP

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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, 2024
- 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 accumulated remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, its consolidated results of operations, its consolidated change in net financial assets, its consolidated accumulated remeasurement gains and losses and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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



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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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2024.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2024 as at the date of this auditor's report.

If, based on the work we have performed in this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 3, 2025

TOWN OF EAST GWILLIMBURY

Consolidated Statement of Financial Position

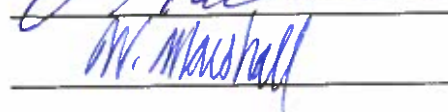
December 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Financial Assets | | |
| Cash | \$ 58,343,010 | \$ 43,612,299 |
| Investments (note 5) | 111,602,840 | 134,225,005 |
| Taxes receivable | 11,131,691 | 8,722,527 |
| User charges receivable | 2,441,383 | 2,014,579 |
| Accounts receivable | 5,300,851 | 5,554,519 |
| | <u>188,819,775</u> | <u>194,128,929</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 21,296,220 | 21,956,627 |
| Employee and elected official future salaries and benefits payable (note 6) | 2,257,535 | 2,092,222 |
| Deposits and deferred revenue (note 7) | 10,482,364 | 10,591,830 |
| Obligatory reserve funds (note 8) | 41,276,618 | 55,065,117 |
| Asset retirement obligations (note 11) | 1,570,891 | 1,499,975 |
| | <u>76,883,628</u> | <u>91,205,771</u> |
| Net financial assets | 111,936,147 | 102,923,158 |
| Non-financial assets: | | |
| Prepaid expenses | 561,782 | 436,311 |
| Tangible capital assets (note 12) | 310,762,096 | 280,756,268 |
| | <u>311,323,878</u> | <u>281,192,579</u> |
| Accumulated surplus: | | |
| Accumulated surplus (note 17) | 420,344,190 | 384,115,737 |
| Accumulated remeasurement gains | 2,915,835 | - |
| Contingencies (note 15) | | |
| | <u>\$ 423,260,025</u> | <u>\$ 384,115,737</u> |

See accompanying notes to consolidated financial statements.

On behalf of the Board:

 Mayor

 Treasurer

TOWN OF EAST GWILLIMBURY

Consolidated Statement of Operations and Accumulated Surplus

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

| | 2024 Budget (note 3) | 2024 | 2023 |
|--|----------------------------|----------------|----------------|
| Revenue: | | | |
| Net taxation charges (note 9) | \$ 33,192,784 | \$ 33,862,548 | \$ 30,957,466 |
| User charges | 25,135,114 | 22,405,508 | 22,519,344 |
| Charges to developers | 58,662,064 | 30,594,686 | 27,140,974 |
| Government transfers (note 10) | 9,121,271 | 2,115,061 | 1,933,213 |
| Penalties on taxes | 500,000 | 1,174,069 | 955,759 |
| Investment income | 500,000 | 4,841,408 | 3,737,998 |
| Contributed tangible capital assets | — | 2,909,143 | 17,819,917 |
| Other | 185,165 | 1,166,784 | 733,589 |
| | 127,296,398 | 99,069,207 | 105,798,260 |
| Expenses: | | | |
| General government | 10,736,216 | 11,401,604 | 10,903,401 |
| Protection to persons and property | 10,470,126 | 10,790,087 | 10,243,686 |
| Transportation services | 35,603,065 | 10,432,808 | 10,601,560 |
| Environmental services | 15,478,854 | 17,492,910 | 17,583,761 |
| Recreation and cultural services | 64,805,476 | 10,999,614 | 10,233,864 |
| Planning and development | 5,090,508 | 1,911,481 | 1,591,069 |
| | 142,184,245 | 63,028,504 | 61,157,341 |
| Annual surplus (deficit) before the undernoted | (14,887,847) | 36,040,703 | 44,640,919 |
| Gain on sale of tangible capital assets | — | 187,750 | 183,339 |
| Annual surplus (deficit) | (14,887,847) | 36,228,453 | 44,824,258 |
| Accumulated surplus, beginning of year | 384,115,737 | 384,115,737 | 339,291,479 |
| Accumulated surplus, end of year | \$ 369,227,890 | \$ 420,344,190 | \$ 384,115,737 |

See accompanying notes to consolidated financial statements.

TOWN OF EAST GWILLIMBURY

Consolidated Statement of Change in Net Financial Assets

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

| | 2024 Budget (note 3) | 2024 | 2023 |
|--|----------------------------|----------------|----------------|
| Annual surplus (deficit) | \$ (18,820,177) | \$ 36,228,453 | \$ 44,824,258 |
| Acquisition of tangible capital assets | 3,932,330 | (37,108,800) | (31,818,287) |
| Contributed tangible capital assets | — | (2,909,143) | (17,819,917) |
| Amortization of tangible capital assets | — | 9,731,774 | 11,680,281 |
| Proceeds from sale of tangible capital assets | — | 468,091 | 190,904 |
| Gain on sale of tangible capital assets | — | (187,750) | (183,339) |
| | (14,887,847) | 6,222,625 | 6,873,900 |
| Change in portfolio investments | — | 2,915,835 | — |
| Change in prepaid expenses | — | (125,471) | 4,911 |
| Change in net financial assets | (14,887,847) | 9,012,989 | 6,878,811 |
| Net financial assets, beginning of year: | | | |
| As previously reported | 102,923,158 | 102,923,158 | 97,475,338 |
| Transition adjustment for asset retirement obligations (note 11) | — | — | (1,430,991) |
| Adjusted net financial assets, beginning of year | 102,923,158 | 102,923,158 | 96,044,347 |
| Net financial assets, end of year | \$ 88,035,311 | \$ 111,936,147 | \$ 102,923,158 |

See accompanying notes to consolidated financial statements.

TOWN OF EAST GWILLIMBURY

Consolidated Statement of Accumulated Remeasurement Gains and Losses

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

| | 2024 | 2023 |
|--|--------------|------|
| Unrealized gains attributable to portfolio investments | \$ 2,915,835 | \$ - |
| Amounts reclassified to the statement of operations: | | |
| Portfolio investments | - | - |
| Net change in accumulated remeasurement gains | 2,915,835 | - |
| Accumulated remeasurements gains, beginning of year | - | - |
| Accumulated remeasurement gains, end of year | \$ 2,915,835 | \$ - |

See accompanying notes to consolidated financial statements.

TOWN OF EAST GWILLIMBURY

Consolidated Statement of Cash Flows

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

| | 2024 | 2023 |
|--|---------------|---------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 36,228,453 | \$ 44,824,258 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 9,731,774 | 11,680,281 |
| Accretion expense | 70,916 | 68,984 |
| Contributed tangible capital assets | (2,909,143) | (17,819,917) |
| Gain on sale of tangible capital assets | (187,750) | (183,339) |
| Change in non-cash operating items: | | |
| Taxes receivable | (2,409,164) | (1,740,210) |
| User charges receivable | (426,804) | (1,146,055) |
| Accounts receivable | 253,668 | (1,965,298) |
| Accounts payable and accrued liabilities | (660,407) | 13,095,009 |
| Employee and elected official future salaries and benefits payable | 165,313 | 173,707 |
| Deposits and deferred revenue | (109,466) | (175,950) |
| Obligatory reserve funds | (13,788,499) | (12,622,291) |
| Prepaid expenses | (125,471) | 4,911 |
| | 25,833,420 | 34,194,090 |
| Capital activities: | | |
| Proceeds from sale of tangible capital assets | 468,091 | 190,904 |
| Acquisition of tangible capital assets | (37,108,800) | (31,818,287) |
| | (36,640,709) | (31,627,383) |
| Investing activities: | | |
| Disposal (acquisition) of short-term investments | 25,538,000 | (31,411,000) |
| Increase (decrease) in cash | 14,730,711 | (28,844,293) |
| Cash, beginning of year | 43,612,299 | 72,456,592 |
| Cash, end of year | \$ 58,343,010 | \$ 43,612,299 |

See accompanying notes to consolidated financial statements.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Cash:

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

(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) Financial instruments:

PS 3450 Financial Instrument 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). The Town's investments in Principal Protected Notes ("PPN") meet the requirements of a financial instrument that has an embedded derivative included in the financial instrument. The standards allow for the financial instruments that contain one or more embedded derivatives; the Town may designate the entire hybrid (combined) instrument carried at fair value. This designation is irrevocable. The Town has made an election for the PPN to report the combined instrument at fair value. Any unrealized gains and losses are reported through a new statement called statement of accumulated 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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

(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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

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

(j) Deferred revenue - obligatory reserve funds:

Deferred 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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(l) Budget figures:

The budgets originally approved by the Town for 2024, 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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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.

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.

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 on accrual basis.

Where there is no exchange of service, such as fines and penalties, the Town records revenue at the time of the transaction.

Where there is an exchange of services, the Town records revenue when the performance obligation is satisfied. Performance obligation can be satisfied immediately, such as with water and sewer user fees, licenses and sale, or over time, such as building permits and recreation user fees.

(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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(p) Asset retirement obligations:

An asset retirement obligations 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).

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 and accumulated surplus when remediation is complete.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(q) Future accounting pronouncements:

These following standards and amendments were not yet effective for the year ended December 31, 2024, 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 consolidated financial statements.

PS 1202, Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201, Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the Town's December 31, 2027 year-end).

(r) 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 consolidated financial statements include allowance for doubtful accounts, the useful life and valuation of tangible capital assets, contingent liabilities, employee future benefits, taxes receivable, accrued liabilities, the fair value of contributed tangible assets, and asset retirement obligations.

Actual results could differ from those estimates as additional information becomes available in the future.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Change in accounting policies:

(a) PS 3400, Revenue:

The Town adopted PS 3400, Revenue on January 1, 2024. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions" and transactions that do not have performance obligations, referred to as "non-exchange transactions". The standard aims to enhance transparency, consistency, and comparability in revenue reporting. Certain revenue streams are excluded from the scope of PS 3400 as they are accounted for under another Public Sector Accounting Standard section.

As at December 31, 2024, the Town has determined that the adoption of this new standard did not have an impact on the amounts presented in the consolidated financial statements.

(b) Public Sector Guideline 8 Purchased Intangibles:

Public Sector Guideline 8 Purchased Intangibles allows public sector entities to recognize intangibles purchased through an exchange transaction. As at December 31, 2024, the Town has determined that the adoption of this new standard did not have an impact on the amounts presented in the consolidated financial statements.

(c) PS 3160, Public Private Partnerships:

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 from private sector entities. As at December 31, 2024, the Town does not have any current P3 arrangements that meet the definition of this standard therefore the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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 | \$ 127,296,398 | \$ 127,296,397 |
| Transfer to/from other funds | — | 18,820,178 |
| Total Council approved budget | 127,296,398 | 146,116,575 |
| Less tangible capital assets capitalized | — | (3,932,330) |
| Adjusted budget per consolidated statement of operations and accumulated surplus | \$ 127,296,398 | \$ 142,184,245 |

4. Financial instruments:

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

- Level 1: when valuation can be based on quoted prices in active markets for identical assets and liabilities;
- Level 2: when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable; and
- Level 3: when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Financial instruments (continued):

Fair value inputs are taken from observable markets where possible, but if they are unavailable, judgement is required in establishing fair value. The Town's fair value hierarchy is classified as Level 2 for PPN. The classification for disclosure purposes has been determined in accordance with generally accepted pricing models, based on discounted cash flow analysis, with the most significant inputs being the contractual terms of the instrument and the market discount rates that reflect the credit risk of counterparties. All other financial instruments are classified as Level 1.

The carrying amount of cash, investments, taxes receivable, accounts receivable, customer deposits, accounts payable and accrued liabilities, employee future benefits liabilities, long-term liabilities, and contract holdbacks approximate their fair value due to the short-term maturity of these financial instruments.

The carrying value and fair value of the Town's other financial instruments are as follows:

| | 2024 | | 2023 | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Assets | | | | |
| Level One: | | | | |
| Guaranteed investment certificates | \$ 43,335,005 | \$ 43,335,005 | \$ 73,335,005 | \$ 73,335,005 |
| Level Two: | | | | |
| Principle protected notes | 65,352,000 | 68,267,835 | 60,890,000 | 60,890,000 |
| | \$ 108,687,005 | \$ 111,602,840 | \$ 134,225,005 | \$ 134,225,005 |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Financial instruments (continued):

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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Financial instruments (continued):

(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 of December 31, 2024, 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:

| | 2024 | 2023 |
|--|---------------|---------------|
| Guaranteed investment certificates, interest rate between 1.65% and 4.25% (2023 - 1.60% to 6.50%) | \$ 43,335,005 | \$ 73,335,005 |
| Maturing by: | | |
| March 2024 | — | 25,000,000 |
| April 2024 | — | — |
| October 2024 | — | 5,000,000 |
| March 2025 | 15,518,500 | 15,518,500 |
| March 2026 | 17,521,505 | 17,521,505 |
| December 2026 | — | 5,000,000 |
| October 2027 | 5,000,000 | — |
| April 2028 | 5,295,000 | 5,295,000 |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Investments (continued):

| | 2024 | 2023 |
|---|---------------|---------------|
| Principle protected notes, interest rate between 2.40% and 6.90% (2023 - 5.00%) | \$ 68,267,835 | \$ 60,890,000 |
| Maturing by: | | |
| December 2026 | 5,504,450 | — |
| March 2027 | 14,825,700 | 15,000,000 |
| March 2030 | — | 20,538,000 |
| April 2030 | — | 10,352,000 |
| November 2030 | 11,950,000 | 10,000,000 |
| December 2030 | — | 5,000,000 |
| June 2031 | 11,311,630 | — |
| August 2031 | 10,062,400 | — |
| October 2031 | 4,793,400 | — |
| July 2039 | 9,820,255 | — |

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 2024 which covers the period from 2024 to 2026.

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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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

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.

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Vacation pay and banked overtime | \$ 1,234,789 | \$ 1,163,697 |
| Council severance | 148,487 | 126,640 |
| Accrued post retirement non-pension benefits | 819,528 | 756,317 |
| Pay for performance program | 54,731 | 45,568 |
| Total employee future benefits payable | \$ 2,257,535 | \$ 2,092,222 |

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 2024 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, 2024, 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.

(a) General inflation:

Future general inflation levels were assumed to increase at 2% (2023 - 1.75%) per year.

(b) Interest (discount) rate:

The present value of the post employment benefit liability was determined using a discount rate of 4.5% (2023 - 3.25%).

(c) Health costs:

Health costs were assumed to increase at an average of 6% for 2024 reducing by 0.3333% per year to reach 4% per year starting in 2030 and 3.75% per year thereafter (2023 - 5.0834%).

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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

(d) Dental costs:

Dental costs were assumed to increase at an average of 4% (2021 - 3.75%) per year, set at consumer price index plus 2.00%

7. Deposits and deferred revenue:

The Town has total deposits and deferred revenue of \$10,482,364 (2023 - \$10,591,830). Deferred revenue represents \$7,358,265 (2023 - \$7,346,756) 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:

| | 2024 | 2023 |
|-------------------------------|--------------|--------------|
| Balance, beginning of year | \$ 7,346,756 | \$ 7,273,784 |
| Contributions received | 2,104,793 | 2,085,145 |
| Amounts recognized as revenue | (2,093,284) | (2,012,173) |
| Balance, end of year | \$ 7,358,265 | \$ 7,346,756 |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Obligatory reserve funds:

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

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Development charges, opening balance | \$ 47,226,317 | \$ 60,631,369 |
| Add: | | |
| Developer contributions | 13,458,383 | 14,979,313 |
| Interest earned | 1,765,375 | 2,102,640 |
| Deduct: | | |
| Amounts used for eligible capital projects | (29,810,248) | (25,123,949) |
| Credit issued | (471,663) | (5,363,056) |
| Development charges, ending balance | \$ 32,168,164 | \$ 47,226,317 |
| Parkland, opening balance | \$ 2,091,502 | \$ 2,002,681 |
| Add: | | |
| Developer contributions | 653,733 | 9,332 |
| Interest earned | 110,030 | 79,489 |
| Parkland, ending balance | \$ 2,855,265 | \$ 2,091,502 |
| Canada Community Building Fund, opening balance | \$ 4,718,765 | \$ 4,121,622 |
| Add: | | |
| Allocation received | 1,100,845 | 793,960 |
| Interest earned | 236,486 | 221,547 |
| Deduct: | | |
| Amounts used for eligible capital projects | (977,577) | (418,364) |
| Canada Community Building Fund, ending balance | \$ 5,078,519 | \$ 4,718,765 |
| Ontario Municipal Partnership Fund, opening balance | \$ 907,186 | \$ 796,639 |
| Add: | | |
| Allocation received | 848,404 | 884,756 |
| Interest earned | 49,819 | 43,220 |
| Deduct: | | |
| Amounts used for eligible capital projects | (648,702) | (817,429) |
| Ontario Municipal Partnership Fund, ending balance | \$ 1,156,707 | \$ 907,186 |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Obligatory reserve fund (continued):

| | | |
|--|---------------|---------------|
| Technology Modernization Fund, opening balance | \$ 121,347 | \$ 135,098 |
| Add: | | |
| Allocation received | 3,362 | – |
| Interest earned | – | 6,427 |
| Deduct: | | |
| Amounts used for eligible capital projects | (106,746) | (20,178) |
| Technology Modernization Fund, ending balance | \$ 17,963 | \$ 121,347 |
| Total obligatory reserve funds | \$ 41,276,618 | \$ 55,065,117 |

9. Net taxation charges:

Net taxation charges consist of the following:

| | 2024 | 2023 |
|--|---------------|---------------|
| Total taxes levied by the Town | \$ 89,287,501 | \$ 82,805,297 |
| Less: | | |
| Taxes levied on behalf of the Region of York | 35,794,049 | 33,555,326 |
| Taxes levied on behalf of the School Boards | 19,630,904 | 18,292,505 |
| | 55,424,953 | 51,847,831 |
| | \$ 33,862,548 | \$ 30,957,466 |

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 7 and 8). Grants are also received to support specific program areas such as recreation programs, etc.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Government transfers (continued):

The following kinds of transfers were included in revenue:

| | 2024 | 2023 |
|----------------------------|--------------|--------------|
| Grants with stipulations | \$ 2,054,591 | \$ 1,615,747 |
| Other grants | 60,470 | 317,466 |
| Total government transfers | \$ 2,115,061 | \$ 1,933,213 |

11. Asset retirement obligations:

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 obligations relating to liability related to the removal of the asbestos in these buildings as estimated at January 1, 2023. A liability relating to 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:

| | 2024 | 2023 |
|------------------------------|------------------|--------------|
| Asset retirement obligation | Asbestos removal | |
| Opening balance, January 1 | \$ 1,499,975 | \$ 1,430,991 |
| Accretion expense | 70,916 | 68,984 |
| Closing balance, December 31 | \$ 1,570,891 | \$ 1,499,975 |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Tangible capital assets:

| | Balance, December 31, 2023 | Additions | Disposals | Balance, December 31, 2024 |
|-------------------------------|----------------------------------|---------------|----------------|----------------------------------|
| Cost | | | | |
| Transportation infrastructure | \$ 85,766,856 | \$ 137,361 | \$ — | \$ 85,904,217 |
| Environmental infrastructure | 141,197,452 | 2,771,780 | — | 143,969,232 |
| Facilities | 48,095,914 | 179,882 | — | 48,275,796 |
| Vehicles | 10,646,559 | 1,507,999 | (85,357) | 12,069,201 |
| Machinery and equipment | 8,608,286 | 921,013 | (273,200) | 9,256,099 |
| Land improvements | 21,047,568 | 1,644,880 | — | 22,692,448 |
| Land | 69,070,980 | — | (277,918) | 68,793,062 |
| | 384,433,615 | 7,162,915 | (636,475) | 390,960,055 |
| Capital work in progress | 36,381,990 | 34,485,534 | (1,630,508) | 69,237,016 |
| | \$ 420,815,605 | \$ 41,648,449 | \$ (2,266,983) | \$ 460,197,071 |

| | Balance, December 31, 2023 | Additions | Disposals | Balance, December 31, 2024 |
|---------------------------------|----------------------------------|--------------|--------------|----------------------------------|
| Accumulated amortization | | | | |
| Transportation infrastructure | \$ 45,677,081 | \$ 2,738,875 | \$ — | \$ 48,415,956 |
| Environmental infrastructure | 59,001,802 | 3,361,563 | — | 62,363,365 |
| Facilities | 14,703,030 | 1,253,110 | — | 15,956,140 |
| Vehicles | 6,199,207 | 885,162 | (85,357) | 6,999,012 |
| Machinery and equipment | 5,679,386 | 673,578 | (270,779) | 6,082,185 |
| Land improvements | 8,798,831 | 819,486 | — | 9,618,317 |
| | \$ 140,059,337 | \$ 9,731,774 | \$ (356,136) | \$ 149,434,975 |

| | Net book value, December 31, 2023 | Net book value, December 31, 2024 |
|-------------------------------|---|---|
| Transportation infrastructure | \$ 40,089,775 | \$ 37,488,261 |
| Environmental infrastructure | 82,195,650 | 81,605,867 |
| Facilities | 33,392,884 | 32,319,656 |
| Vehicles | 4,447,352 | 5,070,189 |
| Machinery and equipment | 2,928,900 | 3,173,914 |
| Land improvements | 12,248,737 | 13,074,131 |
| Land | 69,070,980 | 68,793,062 |
| | 244,374,278 | 241,525,080 |
| Capital work in progress | 36,381,990 | 69,237,016 |
| | \$ 280,756,268 | \$ 310,762,096 |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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 \$69,237,016 (2023 - \$36,381,990) 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 \$111,552,339 (2023 - \$88,821,059). These contracts relate to the construction and expansion of certain permanent facilities that will be constructed in 2024 or later periods. As at December 31, 2024, \$47,734,804 (2023 - \$60,081,609) relating to these contracts had not been expended.

14. 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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Pension plan (continued):

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, 2024. The results of this valuation disclosed total actuarial liabilities of \$142.5 billion in respect of benefits accrued for service with actuarial assets at that date of \$139.6 billion indicating an actuarial deficit of \$2.9 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 2024 were \$2,161,536 (2023 - \$1,835,406).

15. 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.

16. 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 \$25,000 deductible limit per incident.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Accumulated surplus:

Accumulated surplus is comprised of the following:

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Town reserves | | |
| Corporate/operating: | | |
| Working capital/Tax stabilization | \$ 3,299,747 | \$ 3,427,257 |
| General capital | 5,702,043 | 7,508,484 |
| COVID operating grant | 569,940 | 679,009 |
| | <u>9,571,730</u> | <u>11,614,750</u> |
| Program specific: | | |
| Election | 248,316 | 123,383 |
| Emergency services | 512,398 | 490,100 |
| Insurance | 699,153 | 649,525 |
| Winter maintenance | 613,035 | 577,569 |
| Real estate legal and administration | 1,280,592 | 746,622 |
| Climate change initiatives | 165,424 | 158,225 |
| Farmers market | 10,100 | 9,660 |
| Public art | 176,750 | 199,819 |
| Library operating | 151,642 | 143,973 |
| Library fundraising | 172,082 | 157,382 |
| | <u>4,029,492</u> | <u>3,256,258</u> |
| Development specific: | | |
| Building code enforcement | 16,192,440 | 16,874,101 |
| Planning Act | (301,201) | (122,188) |
| Engineering fees | 3,822,346 | 3,656,008 |
| Parks development fees | (469,121) | (428,985) |
| Fill and site alteration | 51,440 | 377,512 |
| | <u>19,295,904</u> | <u>20,356,448</u> |
| Asset management: | | |
| Parks structure | 665,750 | 1,139,829 |
| Tree planting & protection | 1,556,721 | — |
| Library asset replacement | 707,731 | 663,838 |
| Public works roads | 185,056 | 177,003 |
| Vehicle and equipment replacement - tax levy | 4,213,083 | 5,042,659 |
| Information technology | 1,928,902 | 2,187,966 |
| Buildings | 10,419,983 | 9,075,690 |
| Roads tax levy | 9,092,197 | 6,597,954 |
| Municipal parking | 246,628 | 235,896 |
| | <u>29,016,051</u> | <u>25,120,835</u> |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Accumulated surplus (continued):

| | 2024 | 2023 |
|---|----------------|----------------|
| Community capital contribution: | | |
| Environment and watershed enhancement | 751,347 | 719,014 |
| Ineligible due to level of service | 2,959,362 | 2,815,303 |
| 10% mandatory development credit reduction | 773,345 | 1,837,823 |
| Parkland acquisition | 4,079,455 | 3,874,294 |
| Administration facilities | 5,092,608 | 4,874,315 |
| Art and culture heritage | 1,813,948 | 1,731,326 |
| Economic development initiatives and servicing | 1,460,334 | 1,418,225 |
| | 16,930,399 | 17,270,300 |
| Water and wastewater | | |
| Stabilization: | | |
| Water and sewer rate stabilization | 3,060,160 | 2,874,193 |
| Asset management: | | |
| Vehicle and equipment replacement - water and sewer | 299,349 | 265,079 |
| Infrastructure - water and sewer | 30,815,956 | 25,956,345 |
| Rate supported - water and sewer | 23,726 | 22,693 |
| | 31,139,031 | 26,244,117 |
| Total reserves before the undernoted | 113,042,767 | 106,736,901 |
| Supplementary taxes - unbilled | 56,775 | 123,414 |
| Total reserves | 113,099,542 | 106,860,315 |
| Advanced capital projects to be reimbursed by development charges | (1,946,557) | (2,000,871) |
| Invested in tangible capital assets | 310,762,096 | 280,756,268 |
| Asset retirement obligation | (1,570,891) | (1,499,975) |
| Accumulated surplus | \$ 420,344,190 | \$ 384,115,737 |

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Segmented information:

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

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

(a) General government:

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

(b) Protection to persons and property:

Protection is comprised of emergency services, By-law enforcement and Building Code enforcement. These departments are responsible for maintaining and enhancing public safety through emergency management planning, prevention and public education programs, enforcement and emergency response.

(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, streetlights, trees, traffic control devices and the school crossing guard program.

(d) Environmental services:

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

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Segmented information (continued):

(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.

TOWN OF EAST GWILLIMBURY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Segmented information (continued):

| | Consolidated | | General government | | Protection to persons and property | | Transportation services | | Environmental services | | Recreation and cultural services | | Planning and development | |
|--|---------------|----------------|--------------------|---------------|------------------------------------|----------------|-------------------------|----------------|------------------------|---------------|----------------------------------|---------------|--------------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenue | | | | | | | | | | | | | | |
| Net taxation charges | \$ 33,862,548 | \$ 30,957,466 | \$ 33,862,548 | \$ 30,957,466 | \$ 1,908,663 | \$ 2,748,353 | \$ 1,423,440 | \$ 829,150 | \$ 15,974,348 | \$ 16,187,731 | \$ 2,049,481 | \$ 1,800,930 | \$ 637,837 | \$ 698,596 |
| User charges | 22,405,508 | 22,519,344 | 211,739 | 254,584 | 14,962 | 69,887 | 571,833 | 845,420 | 104,329 | 29,207,132 | 29,207,132 | 24,658,331 | 190,450 | 58,894 |
| Charges to developers | 30,594,686 | 27,140,974 | 472,950 | 1,404,113 | 2,509 | 514 | 1,700,261 | 1,344,227 | 164,950 | 73,316 | 73,316 | 138,959 | 34,593 | 407 |
| Grants | 2,115,061 | 1,933,213 | 129,026 | 284,156 | — | — | — | — | — | — | — | — | — | — |
| Penalties on taxes | 1,174,069 | 955,759 | 1,174,069 | 955,759 | — | — | — | — | — | — | — | — | — | — |
| Investment income | 4,841,408 | 3,737,998 | 4,834,858 | 3,732,537 | — | — | — | — | — | — | — | — | — | — |
| Contributed tangible capital assets | 2,909,143 | 17,819,917 | 2,909,143 | 17,819,917 | — | — | — | — | — | — | — | — | — | — |
| Sale of assets | 513,376 | 77,851 | 481,900 | (127,816) | 2,456 | 30,000 | 11,425 | 70,950 | 11,931 | 22,267 | 5,655 | 82,250 | — | — |
| Other | 653,408 | 655,738 | 67,363 | 148,228 | 144,859 | 211,038 | 27,876 | 28,296 | 328,676 | 181,667 | 86,534 | 86,420 | — | 89 |
| | \$ 99,069,207 | \$ 105,798,260 | \$ 44,143,605 | \$ 55,429,144 | \$ 2,073,249 | \$ 3,059,792 | \$ 3,734,835 | \$ 3,118,043 | \$ 16,625,870 | \$ 16,660,944 | \$ 31,428,768 | \$ 26,772,351 | \$ 1,062,880 | \$ 757,985 |
| Expenses | | | | | | | | | | | | | | |
| Salaries and wages | \$ 30,232,420 | \$ 26,803,535 | \$ 6,212,461 | \$ 5,238,576 | \$ 8,373,909 | \$ 7,796,455 | \$ 4,086,443 | \$ 3,610,034 | \$ 3,248,626 | \$ 3,233,483 | \$ 6,844,190 | \$ 5,920,278 | \$ 1,486,791 | \$ 1,004,709 |
| Materials | 4,906,620 | 4,139,875 | 1,199,208 | 1,200,370 | 516,797 | 523,890 | 948,720 | 741,541 | 408,853 | 506,278 | 1,628,868 | 1,143,248 | 106,176 | 24,648 |
| Contracted services | 17,986,431 | 18,284,578 | 3,079,142 | 3,514,087 | 1,107,754 | 1,095,356 | 2,280,756 | 1,844,589 | 10,411,688 | 9,714,808 | 788,597 | 1,553,925 | 318,514 | 561,813 |
| Rentals and financial | 196,344 | 180,088 | 42,398 | 44,822 | — | — | — | — | — | — | 155,945 | 135,266 | — | — |
| Amortization | 9,731,774 | 11,690,281 | 868,396 | 905,544 | 791,627 | 827,985 | 3,136,889 | 4,405,396 | 3,423,763 | 4,129,193 | 1,511,099 | 1,412,163 | — | — |
| Accretion | 70,915 | 68,984 | — | — | — | — | — | — | — | — | 70,915 | 68,984 | — | — |
| | \$ 63,028,504 | \$ 61,157,341 | \$ 11,401,804 | \$ 10,903,399 | \$ 10,780,087 | \$ 10,243,686 | \$ 10,432,808 | \$ 10,601,560 | \$ 17,492,910 | \$ 17,583,762 | \$ 10,999,614 | \$ 10,233,864 | \$ 1,911,481 | \$ 1,591,070 |
| Annual surplus (deficit) before gain (loss) of tangible capital assets | \$ 36,040,703 | \$ 44,640,919 | \$ 32,742,001 | \$ 44,525,745 | \$ (8,716,838) | \$ (7,183,894) | \$ (6,697,973) | \$ (7,483,517) | \$ (867,040) | \$ (922,818) | \$ 20,429,154 | \$ 16,538,487 | \$ (848,601) | \$ (833,084) |
| Gain (loss) on sale of tangible capital assets | \$ 187,750 | \$ 183,339 | \$ 187,750 | \$ 183,339 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Annual surplus (deficit) | \$ 36,228,453 | \$ 44,824,258 | \$ 32,929,751 | \$ 44,709,084 | \$ (8,716,838) | \$ (7,183,894) | \$ (6,697,973) | \$ (7,483,517) | \$ (867,040) | \$ (922,818) | \$ 20,429,154 | \$ 16,538,487 | \$ (848,601) | \$ (833,084) |

