



2025 Annual Financial Report

**For the period ending
December 31, 2025**

**Town of East Gwillimbury,
Ontario Canada**





Annual Financial Report
For the year ending
December 31, 2025

Prepared by the
Finance Department



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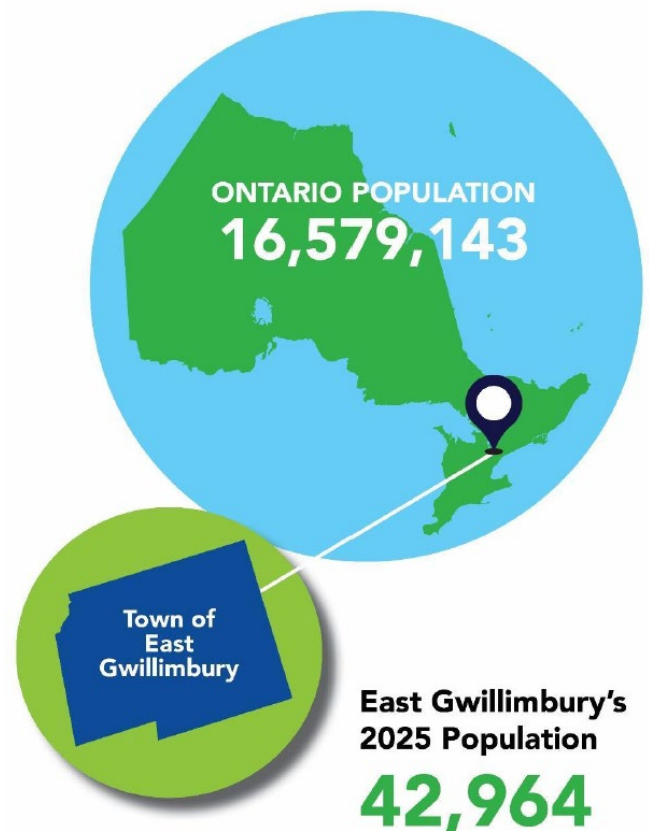
INTRODUCTION

About East Gwillimbury

Located just 30 minutes north of Toronto along Highway 404, East Gwillimbury is Canada's fastest growing municipality focused on modernization, innovation, and creativity. At the end of 2025, the population of East Gwillimbury is estimated at 42,964 and growing.

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 will remain more than 80 per cent green when fully developed. The Town continues to focus on building complete communities that include parks, trails, green spaces, transportation networks, and business areas. The municipality features more than 40 parks and open spaces, 318 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.



Governance

Mayor and Council

The Municipal Council is comprised of the Mayor and two Councillors in each of the Town's three wards. The Mayor also represents the Town at the regional level of government. Council is elected for a four-year term.



The current term of Council began on November 15, 2022 and ends on November 14, 2026.

The Municipal Council:

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

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 as of December 2025.

Message from the Mayor

I am pleased to present the Town of East Gwillimbury's 2025 Annual Financial Report, reflecting another year of thoughtful investment, responsible financial management, and continued progress toward building a vibrant and resilient community.

The 2025 budget maintains East Gwillimbury's position as having the lowest relative property taxes in York Region, while continuing to deliver high-quality programs and services that residents rely on every day. This balance reflects our commitment to affordability, accountability, and long-term sustainability.

In 2025, key investments were made to support our growing community, including enhancements to community safety with the hiring of four full-time firefighters, ongoing road rehabilitation, improvements to parks and recreational amenities, and continued upgrades to stormwater infrastructure. The Health and Active Living Plaza was officially opened and is the largest capital project in our town's history. This new facility is an important milestone for East Gwillimbury and provides diverse opportunities for recreation, wellness, and community connection close to home.

As our town continues to grow, Council remains focused on managing growth responsibly. Through strategic investments in infrastructure, asset management, and service delivery, we are ensuring East Gwillimbury remains well-managed and positioned for the future.

East Gwillimbury is a place where individuals and families can thrive, where growth is balanced with the preservation of the qualities that make our community unique. I am proud to call East Gwillimbury home, and I thank you for being part of our shared success.

Virginia Hackson, Mayor



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

Message from the Chief Administrative Officer



2025 has been another strong and forward-looking year for East Gwillimbury.

The 2025 budget reflected a continued commitment to delivering high-quality services while maintaining affordability for residents. By maintaining the lowest relative property taxes in York Region and remaining debt-free, the Town continues to provide strong value for residents. This strong financial position allows us to invest in the infrastructure, programs, and services needed to support a growing community.

Our focus remains on meeting residents where they are, ensuring our services are responsive, efficient, and aligned with community needs. Through continuous improvement, innovation, and the strategic use of technology, we are enhancing service delivery while making the most of every tax dollar.

In 2025, we made important progress on several key initiatives. 2025 marked the opening of the Health and Active Living Plaza (HALP), the Town's single-largest recreation investment in our history, and home to our first Aquatics Centre. The construction of the facility was funded without the use of taxpayer dollars. To support the operation of the HALP and ensure it remains financially sustainable, the Town also implemented a multi-year funding strategy, including a phased-in dedicated annual tax levy. This phased-in approach reflects the Town's proactive, long-term financial planning and our continued commitment to support the facility as a lasting community asset.

In 2025, we also invested in community safety, hiring four new full-time firefighters and new firefighter equipment to strengthen emergency response. We continued to advance asset management efforts, ensuring our roads, facilities, and infrastructure are maintained and ready for long-term sustainability.

Everything we do is guided by the five pillars of our 2022 to 2026 Strategic Plan: quality programs and services, responsible growth, environmental stewardship, building complete communities, and a culture of municipal excellence. In 2025, we continued to make meaningful progress across each of these commitments.

As we look ahead, we will continue to invest in our people, strengthen our processes, and collaborate with Council, businesses, and the community to ensure East Gwillimbury remains a thriving community.

Mark Valcic, CAO

Past Awards for Financial Excellence

For the past seven 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.



Message from the Treasurer

Warren Marshall, Treasurer

July 27, 2026



The Town of East Gwillimbury is pleased to present its Annual Financial Report, which highlights the Town's financial performance and key accomplishments for 2025. These financial statements have been prepared in accordance with the *Municipal Act, 2001* and follow the reporting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The 2025 budget focused on delivering essential programs and services to residents, while ensuring funding is available to support future needs. Throughout the year, the Town successfully managed its operations within the approved budget.

A significant milestone in 2025 was the opening of the Health and Active Living Plaza, the largest capital project in the Town's history. The construction of the state-of-the-art facility was fully funded through Development Charges and town reserves, with no support from taxes.

The Town's 2025 Asset Management Plan (AMP) was approved by Council in June of 2025, with 93% of our assets in fair or better condition, and 82% rated in very good condition, reflecting strong overall infrastructure health. The approval also included the long term financial strategy for the AMP. The Town remains committed to strong financial stewardship through its AMP, which supports sustainable investment in infrastructure while balancing maintenance needs, lifecycle costs, and long-term risks.

Looking ahead, the Town will continue to focus on delivering high-quality services in a cost-effective manner, managing the financial impacts of growth, investing in infrastructure renewal, and maintaining a strong financial position for the future.

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, 2025.

There are five required financial statements:

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

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 programming and 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 includes all 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 the preparation of the consolidated financial statements.

Council receives an unaudited report from management on the Town's financial position prior to the finalization of the financial statements and audit process. Once the statements are finalized and the audit is complete, 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, 2025. The report also outlines the auditors' 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 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, informed by the business plan, commences mid-year to ensure that the Town has an approved budget in place for the start of the new fiscal year. Under the new Strong Mayor Powers, the Mayor has the authority to direct the Treasurer to prepare a proposed budget and make it available to the public. Residents are involved in the budget process through surveys and public meetings. The annual budget for 2025 was approved in December 2024.

Town By-laws, Policies and Controls

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

General Financial Management Controls

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. To limit risk, the Town only invests in guaranteed securities such as guaranteed income certificates 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 Legislation

In 2025, the Province of Ontario introduced changes to the Planning Act, the Development Charges Act (DCA), and other related legislation with the intent of supporting housing construction by reducing development-related fees and streamlining the applications and approvals process. Amendments to the DCA focused primarily on deferring the payment of development charges, limiting interest on deferred payments, and simplifying the calculation methodology.

Bill 17, *Protect Ontario by Building Faster and Smarter Act, 2025*, received Royal Assent on June 5, 2025. The principal changes to the DCA include:

- Deferring the payment of Development Charges from the building permit stage to the occupancy permit stage for eligible residential development.
- Eliminating interest payments that municipalities could previously apply to deferred Development Charges.
- Streamlining by-law amendments to reduce payable charges.
- Merging certain service categories for Development Charge credits to expedite the recovery process.
- Enabling the Province to define local services, which are typically a developer responsibility and for which Development Charges cannot be imposed.
- Allowing the Province to pass regulations prescribing certain aspects of Development Charge calculations.

Town By-laws, Policies and Controls (continued)

Bill 60, *Fighting Delays, Building Faster Act, 2025*, received Royal Assent on November 27, 2025. This Bill introduced further amendments to the DCA and the Planning Act to accelerate approvals and standardize the calculation of Development Charges. Key changes include:

- Standardizing how land acquisition costs are incorporated into Development Charge calculations.
- Increasing annual reporting requirements to both municipal Council and the Ministry of Municipal Affairs and Housing.

While the intent of these legislative changes has been to advance new housing supply, the resulting amendments to the DCA will have significant financial implications for municipalities, including the Town of East Gwillimbury. The Town will continue to prioritize fiscal responsibility and work to ensure that priority growth-servicing capital projects are appropriately funded, while remaining compliant with the evolving legislation.

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 June 2025, Council approved the 2025 Asset Management Plan which satisfies all the current legislated requirements prescribed through Ontario Regulation 588/17, Asset Management Planning for Municipal Infrastructure. As part of the 2025 Asset Management Plan, the Town reported on all asset categories: the state of the infrastructure, current levels of service, proposed levels of service, lifecycle activities, costs and risk to service delivery, and the impacts of climate change. The financial strategy for asset management was also approved as part of the Asset Management Plan.

In summary, the Town manages \$2.93 billion of assets across all asset categories. Corporate-wide assets were assessed at fair or better condition for 93% of Town owned assets, which includes:

- Road network (roads, sidewalks, streetlights)
- Bridges and culverts
- Stormwater network (storm sewers, manholes, catch basins, driveway culverts, ponds)
- Water network (watermains, valves, chambers, hydrants, meters, service connections)
- Wastewater network (sewers, manholes, service connections, pumping stations)
- Machinery and equipment (backhoe, bunker gear, computer hardware, generator, library print material, mobile data collection devices, trailers, telephone systems)
- Land improvements (parks, trails, signs, fences, seating, playgrounds)
- Facilities
- Vehicles

As part of the next milestone, the Town will work towards implementing improvements from the 2025 Asset Management Plan and provide a progress update as part of the next update in Q2 2026.

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. This system is designed to streamline the enforcement process and increase compliance with Town of East Gwillimbury by-laws. Council approved the Administrative Penalty System By-law in 2023 which 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. Effective July 2025, the Town of East Gwillimbury has moved to the Administrative Penalty System, replacing the previous court system for by-law offences.

Significant Activities Affecting the 2025 Financial Statements

Developer Contributed Assets

Contributed assets refer to capital works that are constructed or owned by landowners and later transferred to the Town as part of the development approval process. These assets are recorded at the time the Town assumes responsibility for the maintenance of the municipal services such as roads, sidewalks and storm sewers. This typically occurs approximately three to four years after registration of the subdivision, although it may be longer depending on the development. Land, however, is recorded earlier at the time of plan registration.



The value of contributed assets can fluctuate from year to year based on the number of registered plans, the timing of subdivision assumptions and the infrastructure constructed within each subdivision.

In 2025, the Town assumed responsibility for the infrastructure associated with developments in the community of Holland Landing. The infrastructure consisted of roads, curbs, sidewalks, streetlights, signs, storm and sanitary sewers, watermains, and boulevard trees. The total value of these assets is approximately \$12.2 million. The value of contributed assets in 2025 was higher compared to 2024 as two large assumptions were completed in 2025. Additional assumptions are anticipated in 2026.

Development Charge Funded Capital Projects

Many of the capital projects required to support new development in East Gwillimbury are either built by developers or funded through Development Charges (DCs). In 2025, \$29.5 million in DCs were invested in Town-managed growth-related projects. Of this, \$27.1 million was spent on the construction of the Health and Active Living Plaza, the largest capital project in East Gwillimbury's history.

Development charges were also committed to funding various projects across the Town that will service growth in the community. In 2025, additional notable investments include; the design and construction of new sidewalks, new and expanded parks, trails, and outdoor recreation opportunities.

Significant Activities Affecting the 2025 Financial Statements (continued)

Health and Active Living Plaza

Construction of the Health & Active Living Plaza (HALP) was completed in 2025, with opening celebrations held in October.

This new \$100 million facility serves as a vibrant community hub, featuring an aquatics centre, library, gymnasium, indoor play space, and multi-purpose rooms for programs and events.

Construction of the HALP park is underway and is anticipated to be completed in Q3 2026. The construction of the HALP and park was funded by development as well as community capital contributions.



Downtown Revitalizations

Yonge Street – Holland Landing

In 2025, Council approved awarding a \$13.87 million construction contract for the Downtown Yonge Street Revitalization project in Holland Landing. The project will deliver a new 1.7 km multi-use trail, road and infrastructure upgrades, accessibility improvements, enhanced streetscaping, lighting, and public realm features, with construction beginning in 2025 and anticipated to be complete by the end of 2026. The project is funded through a combination of federal and provincial grants, York Region contributions, development charges, and Town reserves.



Mount Albert Downtown Revitalization

The Mount Albert Downtown Revitalization project moved forward in 2025 with detailed design work and utility relocations completed. The project will include downtown streetscape and infrastructure improvements, with construction expected to continue through 2026. These enhancements support further economic development, improving the appearance of the downtown core, and improve accessibility for residents.

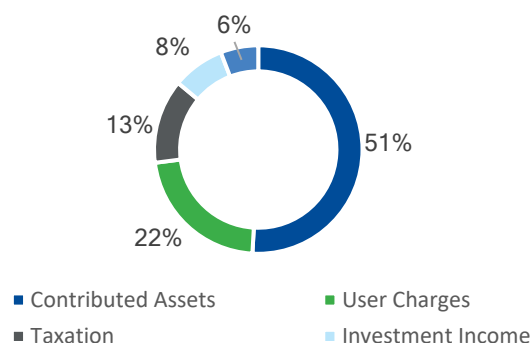
2025 Financial Highlights

Revenue

The Town received \$121.3 million in revenue in 2025, an increase of \$22.2 million (22%) compared to 2024.

2024 Revenue	\$99.1 M
2025 Increase	
Contributed Assets	+ \$11.3 M
User Charges	+ \$4.9 M
Taxation Revenue	+ \$2.9 M
Investment Income	+ \$1.8 M
Other Revenues	+ \$1.3 M
2025 Revenue	\$121.3 M

Revenue Increase in 2025



What Were the Key Drivers of Revenue Increases?

- Large number of development projects reached completion in 2025, and additional subdivisions were assumed by the Town. These contributed assets are considered revenue for the Town.
- Grand opening of the HALP, which added additional programming charging user fees, as well as additional facilities available for rent.
- Increased water and wastewater billings.
- Increased construction activity on cost-sharing projects, resulting in additional revenue collected from cost-sharing partners including other municipalities.
- New, limited time, grant revenue was received for both waste management and winter maintenance.
- Investments maturing at higher rates than in the previous year.

Key Points:

- More than half of the revenue increase in 2025 was related to developer-funded infrastructure being transferred to the Town.
- The change in taxation revenue is a combination of assessment growth and rate increases, and in total is approximately 13% of the total revenue increase for the Town.

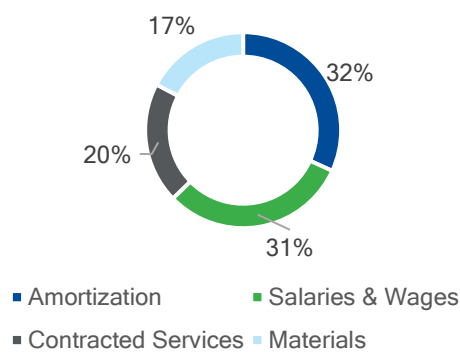
2025 Financial Highlights (continued)

Expenses

In 2025, the Town incurred \$74.1 million in expenses, which is \$11 million more than in 2024.

2024 Expenses	\$63.1 M
2025 Increase	
Amortization	+ \$3.5 M
Salaries & Wages	+ \$3.4 M
Contracted Services	+ \$2.2 M
Materials	+ \$1.9 M
2025 Expenses	\$74.1 M

Expense Increase in 2025



What Were the Key Drivers of Expense Increases?

- Grand opening of the HALP, which added salary and wages for new staff, increased materials usage, and as the construction of the facility was completed and the asset put into use, amortization expenses occurred.
- Two very large subdivisions were assumed in 2025, adding to the Town's assets and increasing the amortization expense.
- A salary review was completed and implemented in 2024, with 2025 being the first full year of the adjusted salaries. There were also cost of living adjustments and higher benefit costs in 2025 compared to 2024.

Key Points:

- The largest expense increase was amortization. Amortization is not a cash expense and does not reflect in-year spending. It is an accounting measure that reflects the use of Town assets over time. It reflects new infrastructure and facilities required to support a growing community, as well as the additional contributed assets from the assumption of new developments.
- Increases in salary and wage expenses are a result of a combination of more staff required to operationalize the HALP (aquatics instructors, recreation programmers, facilities operators), new firefighters, as well as cost of living and benefit cost increases and the 2024 salary review.

Change in Net Financial Assets

The Town remains debt free in 2025. Net financial assets, the difference between financial assets and financial liabilities, increased by \$6.6 million from the previous year, reflecting continued focus on balanced budgeting, careful spending, and maintaining a strong financial position.

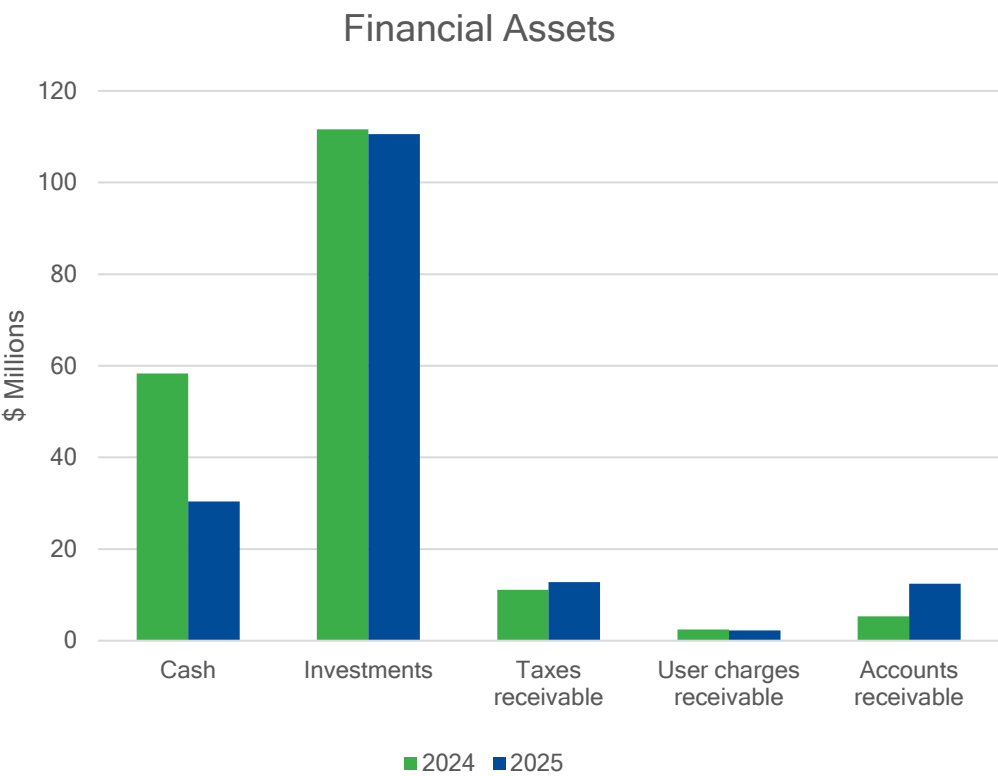
Financial Assets

Change: Decreased by \$20.4 million

Financial assets include cash, investments, and amounts owed to the Town, such as property taxes, user charges, and other receivables.

Cash decreased by \$28.0 million during the year as funds were used to support day-to-day operations and invest in infrastructure and other capital projects. Investments decreased slightly by \$1.0 million as some funds were drawn down or reallocated.

These decreases were partially offset by a \$7.2 million increase in receivables, including higher taxes receivable and accounts receivable at year-end. This reflects timing differences in collections and amounts outstanding at the end of the year.



2025 Financial Highlights (continued)

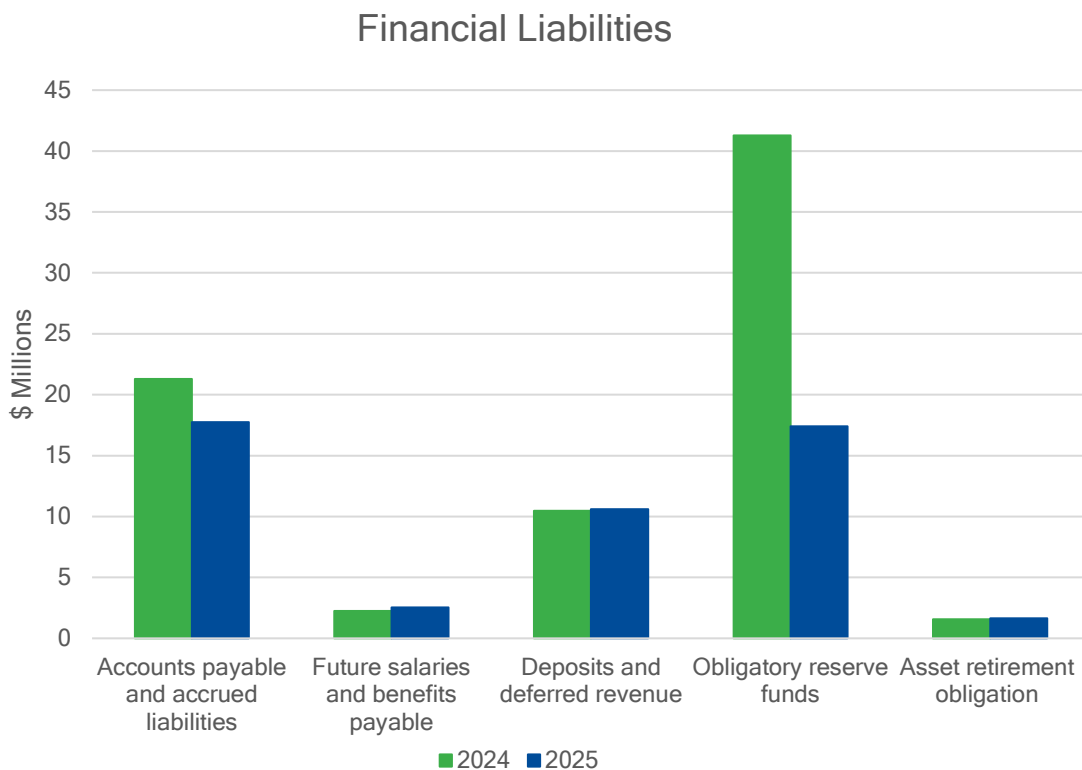
Financial Liabilities

Change: Decreased by \$26.9 million

Financial liabilities represent amounts the Town owes, including accounts payable, deferred revenue, reserve balances, and future obligations.

The overall decrease was mainly due to a \$23.9 million reduction in obligatory reserve funds, as funds were used for their intended purposes. Accounts payable and accrued liabilities also decreased by \$3.5 million, reflecting lower outstanding obligations at year-end.

Other liabilities, including employee future benefits, deferred revenue, and asset retirement obligations, increased slightly but remained relatively stable overall.



2025 Financial Highlights (continued)

Changes in Portfolio Investments

The Town's 2025 Financial Statements include a section called the Consolidated Statement of Accumulated Remeasurement Gains and Losses, which is required under public sector accounting standards. This statement reports changes in the value of certain investments that are affected by market conditions.

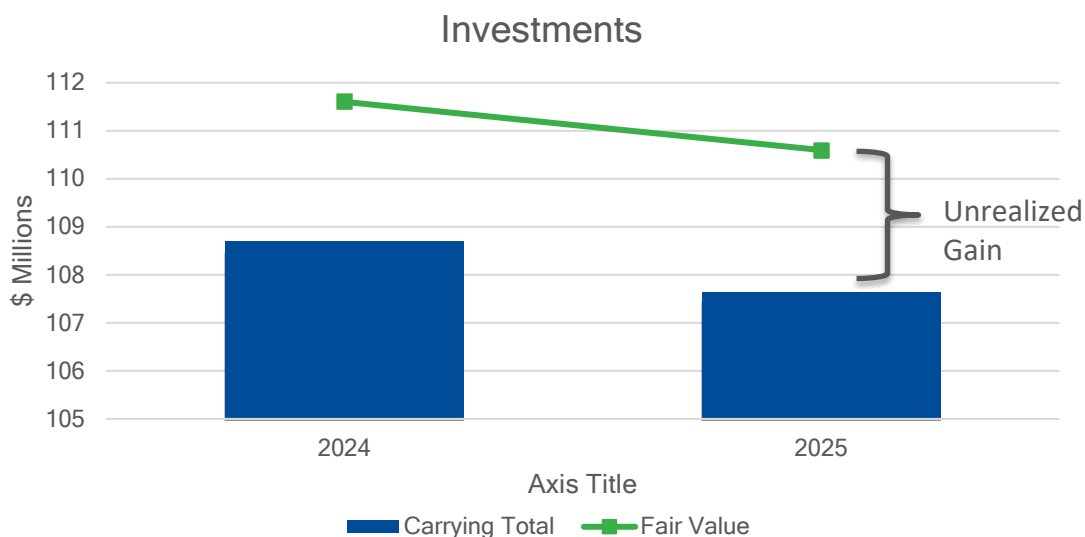
In these statements, carrying value (cost value) refers to the original amount the Town invested. Fair value (market value) refers to what those investments are worth in the market as of year-end.

The Town's investment portfolio includes Guaranteed Investment Certificates and Principal-Protected Notes. Guaranteed Investment Certificates earn a fixed rate of return and are not affected by market changes, so their carrying value and fair value remain the same.

Principal-Protected Notes, however, are linked to financial markets and can increase or decrease in value over time. These changes are recorded at fair value. Some investments may be sold during the year, while others remain held at year-end. As a result, changes in value reflect both realized gains or losses (from sales) and unrealized changes (from investments still held).

As of December 31, 2025, the total carrying value (cost value) of the Town's investments was \$107.6 million, compared to a fair value (market value) of \$110.6 million. The difference of approximately \$3.0 million relates to Principal-Protected Notes (PPN) and reflects market conditions during the year as well as timing of sales.

It is important to note that fair value can change over time. Future results may be higher or lower depending on market conditions and when investments are sold. If held to maturity, the fair value of PPNs will always be equal to or greater than carrying value. The original principal will not be lost.



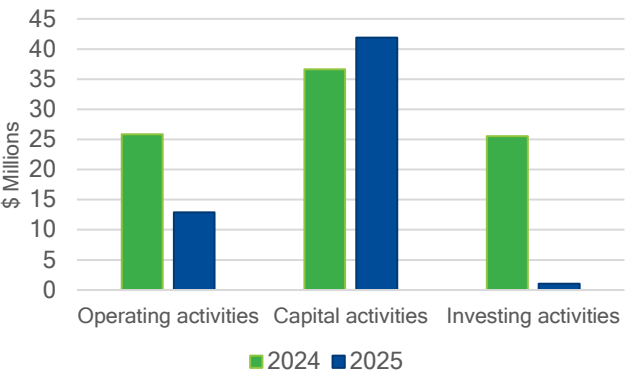
Change in Cash Flows

The Town manages its finances to ensure it can meet day-to-day needs, respond to unexpected events, and continue investing in community infrastructure and services. By the end of 2025, the Town held \$30.4 million in cash, a decrease of \$28.0 million from 2024. This change reflects how cash was used during the year across operating, capital, and investing activities.

Operating Activities

Cash generated from day-to-day operations was \$12.9 million in 2025, compared to \$25.8 million in 2024. This represents funds generated from the Town’s annual surplus, adjusted for non-cash items such as amortization, contributed assets, and changes in amounts owed to and by the Town. While the Town reported a strong annual surplus, cash was reduced by timing differences in receivables, payables, and reserve contributions.

Cash Flows By Activity



Capital Activities

The Town invested \$42.1 million in capital assets in 2025, compared to \$37.1 million in 2024. These investments include infrastructure such as roads, buildings, and other facilities that support long-term service delivery. Proceeds from the sale of assets were minimal in both years.

Investing Activities

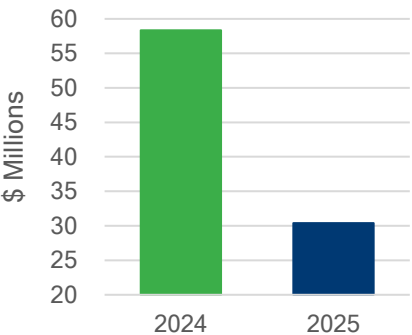
The Town’s investment activities resulted in a net inflow of \$1.0 million in 2025, compared to \$25.5 million in 2024. This reflects fewer transactions involving short-term investments compared to the prior year, but does not necessary reflect investment returns.

Overall Cash Position

After all activities, cash decreased by \$28.0 million in 2025. While this represents a reduction from the prior year, it reflects planned investment in infrastructure and the use of accumulated reserves to support Town operations and capital projects.

The Town’s overall financial position remains strong, supporting continued service delivery and long-term infrastructure investment.

Overall Cash Position



Looking Forward

Between 2016 and 2025, East Gwillimbury's population grew substantially, increasing from 23,991 to 42,964 residents. While growth remained strong throughout the period, the highest rates of population increase were experienced in the earlier years. The increase in population and businesses impacts the Town by placing greater demand on municipal services and heightened expectations around service levels. It continues to be a priority of the Town to ensure that growth is managed in a fiscally responsible way.

In recent years, the Provincial Government has prioritized increasing the supply of new housing, introducing various legislative and policy changes to advance this objective. In 2022, the Province set an ambitious target of constructing 1.5 million new homes by 2031 and assigning specific targets to Ontario's 50 largest municipalities. East Gwillimbury was allocated a target of 4,300 new residential units.

The pace and timing of new housing development depend on numerous external factors, many of which are beyond municipal control. These include market conditions, interest rates, the availability of serviced land, and the planning and approvals process governed by provincial legislation. Since 2022, market factors have influenced development activity across Ontario with a decline from the prior years. This trend was seen in the Town throughout 2025 with relatively lower levels of development than have been seen over the last ten years. The reduced rate of growth has financial implications for the Town. With fewer new units, there is an associated reduction in development charge revenue and a slower rate of growth in the property tax assessment base.

As East Gwillimbury looks ahead, it is essential to strategically plan for both current growth constraints and anticipated future development. Forecasting major capital expenditures and preparing for necessary community investments must be approached with long-term fiscal sustainability in mind.

As residential growth slows province-wide, attention is shifting toward the non-residential sector. East Gwillimbury Council has affirmed staff's position that building complete, balanced communities where residents can live, work, shop, and access services locally is a key priority. In 2025, the Town introduced several new policies designed to support business expansion and attracting new non-residential developments. These efforts will help diversify the local tax base, sustain economic growth, and foster a more resilient and attractive community for the next phase of expansion.

Looking Forward (continued)

Corporate Energy Plan

The Corporate Energy Plan (CEP) is a data-driven strategy designed to guide East Gwillimbury's corporate operations toward lower energy use, reduced greenhouse gas (GHG) emissions, and sustainable growth through to 2050.

It provides a practical and achievable roadmap for East Gwillimbury to reduce emissions while managing significant population growth. Without intervention, both corporate greenhouse gas emissions and energy costs are expected to rise sharply, driven by increased demand for services, facilities, and fleet operations. However, if all proposed actions are implemented, the Town can substantially reduce its environmental impact while also improving operational efficiency.

Importantly, the plan demonstrates strong financial value over the long term. By prioritizing energy efficiency, fuel switching, and smarter asset management, the Town could realize up to \$3.2 million in annual energy cost savings by 2050. Rather than requiring large upfront investments, the CEP emphasizes a phased approach that integrates improvements into existing asset replacement cycles and leverages grants and external funding wherever possible. Overall, the plan positions the Town to lower costs, reduce risk from rising energy prices, and operate in a more environmentally responsible and sustainable manner.



Built Heritage Strategy

The Built Heritage Strategy establishes a clear and structured roadmap for East Gwillimbury to proactively preserve and celebrate its heritage while supporting future growth. The strategy ensures the Town can meet important provincial legislative requirements by 2027, while embedding heritage conservation into planning and decision-making processes.

By prioritizing protection, promotion, partnerships, and governance, the strategy strengthens community identity and supports placemaking, positioning the Town for long-term, sustainable development.

Initial funding for the strategy's development and consultation was approved in the 2024 budget, and Council approved a 2026 capital budget allocation to begin implementation. Near-term costs will include staffing resources, particularly the hiring of a Planner to support delivery of the strategy.

Looking Forward (continued)

Future financial requirements will be incorporated into annual budget processes and aligned with implementation priorities, ensuring that investments are gradual, manageable, and responsive to available resources and legislative timelines.



Environmental Strategy Updates

LED Streetlight Conversion Strategy

East Gwillimbury is continuing its long-term plan to upgrade older streetlights to energy-efficient LED technology. Since introducing LED standards in 2015, the Town has been assessing its streetlight network, testing LED conversions, and developing an asset management strategy to determine the most cost-effective timing for replacements.

A recent inspection of 863 streetlight poles found that 64 poles require replacement and many others need maintenance to extend their lifespan. Pole replacement work is scheduled to continue into 2026. The next phase of the project will focus on detailed lighting design, energy and maintenance cost analysis, greenhouse gas reductions, and a phased implementation plan for converting the Town's remaining streetlights to LED fixtures over the next decade.



Looking Forward (continued)

The strategy is intended to improve lighting quality, reduce energy consumption and maintenance costs, extend infrastructure life, and position the Town to take advantage of future grant funding opportunities.

Thinking Green! Development Standards

East Gwillimbury is moving forward with a comprehensive update to its Thinking Green! Development Standards, which guide sustainable development across the community. The update supports Council's Strategic Plan, Climate Emergency Declaration, and Environmental Strategy, and will modernize the standards to reflect current best practices across the GTA.

Key changes under consideration include introducing mandatory sustainability requirements, supporting net-zero emissions goals for new buildings, accounting for embodied carbon in construction materials, and creating a more user-friendly guidebook for developers. The updated standards are intended to help ensure future development is more environmentally sustainable, energy efficient, and resilient to climate change.

Council previously approved \$200,000 in capital funding for the project in 2021, and the Town successfully secured an additional \$50,000 grant from The Atmospheric Fund to help offset costs. The next phase of the project will involve developing the new standards, consulting with Council and the development community, and bringing the finalized program forward for Council approval in 2026.

Other Community Changes

Blue Box Program

Effective December 31, 2025, the Town of East Gwillimbury transitioned to Ontario's Extended Producer Responsibility system for recycling. As a result, the Town will no longer provide Blue Box collection, and non-eligible sources (primarily small businesses, institutions, and municipal facilities) will lose access to curbside recycling services.

The transition is expected to reduce municipal costs by removing recycling collection from the existing waste contract; however, there are uncertainties around future waste service costs due to upcoming contract negotiations, regional facility changes, and the design of the next N6 cooperative contract. Additional costs could arise if Council chooses to provide recycling services to non-eligible sources. The Town will also incur some new costs for consultant support and for arranging recycling services at its own facilities, though these efforts aim to identify longer-term efficiencies and cost savings.

Looking Forward (continued)

Green Earth Village and Southlake Support

In June 2025, Council reaffirmed support for the future Southlake Hospital campus to be located in the Town of East Gwillimbury. The proposal would allow Green Earth Village to donate 40 acres of land for the hospital and prioritize servicing capacity needed to support both the hospital and initial development, subject to several conditions.

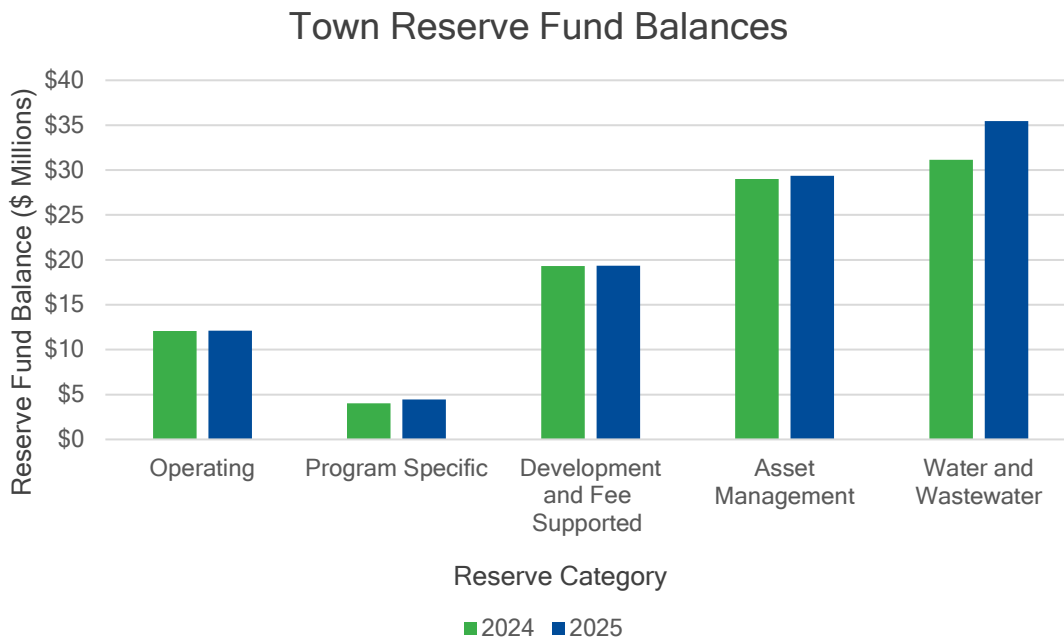
While there are no immediate costs to the Town, Council is reaffirming its commitment to work with Southlake Health and the Southlake Foundation to help secure the community funding required for the project. If selected, the new hospital would bring significant benefits to residents, including expanded access to healthcare services, thousands of jobs, economic growth, and new investment opportunities for East Gwillimbury.

Long Term Reserve Strategy Planning to Support Future Growth

The Town remains focused on planning ahead for major infrastructure and capital needs, such as roads, water systems, parks, and public buildings. As part of this effort, Council reviewed a ten-year capital forecast (2025-2034) during the annual budget process, which outlines over \$343 million in planned investments across the Town. These include required technical studies and master plans, upgrades to technology and equipment, renovations and expansions to Town facilities, and the repair and replacement of aging infrastructure that residents use every day. These plans are guided by important planning documents like the Transportation Master Plan, the Water and Wastewater Master Plan, the Parks Master Plan, the Development Charge (DC) Background Study, and the Town's 2025 AMP.

The 2025 AMP was approved by Council in June and highlighted that, while the Town's assets are overall in good condition, the scale and timing of future capital needs, particularly to support growth while maintaining aging infrastructure, will place increasing pressure on reserve balances. The financial strategy included in the plan has led to the Town assigning dedicated funds to support the management of our physical assets in the annual budget process and ensure the long-term sustainability and alignment with Council's strategic priorities.

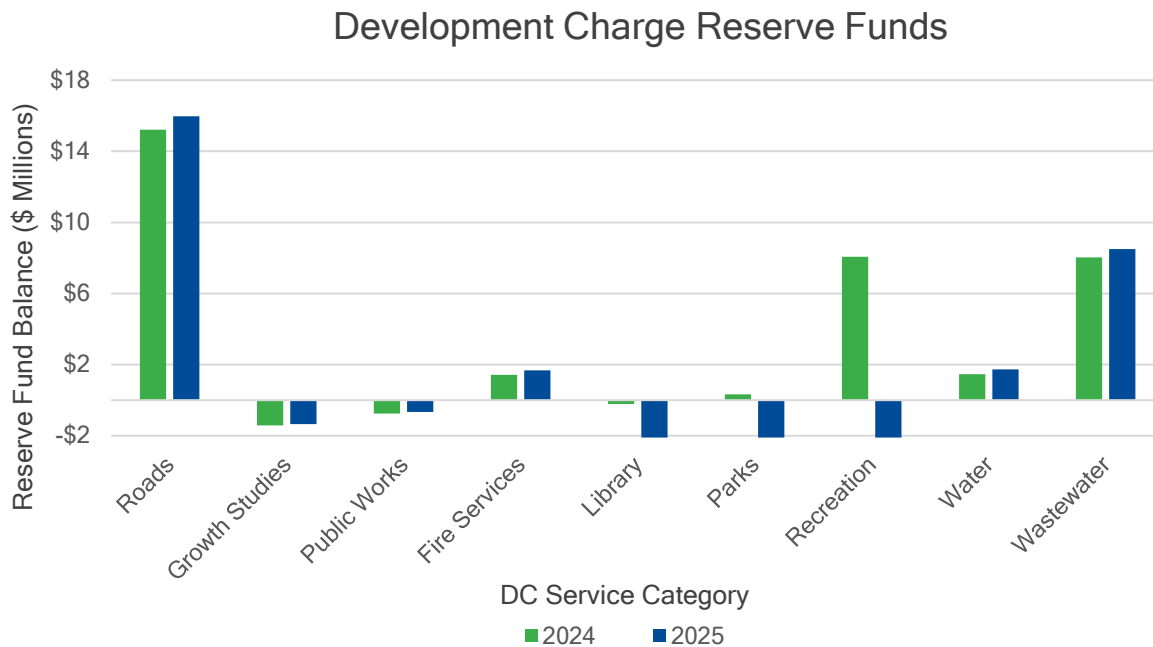
As shown in the graphs below, the Town is managing its reserve funds responsibly. These reserves support day-to-day operations and help fund critical repairs or upgrades to important municipal infrastructure.

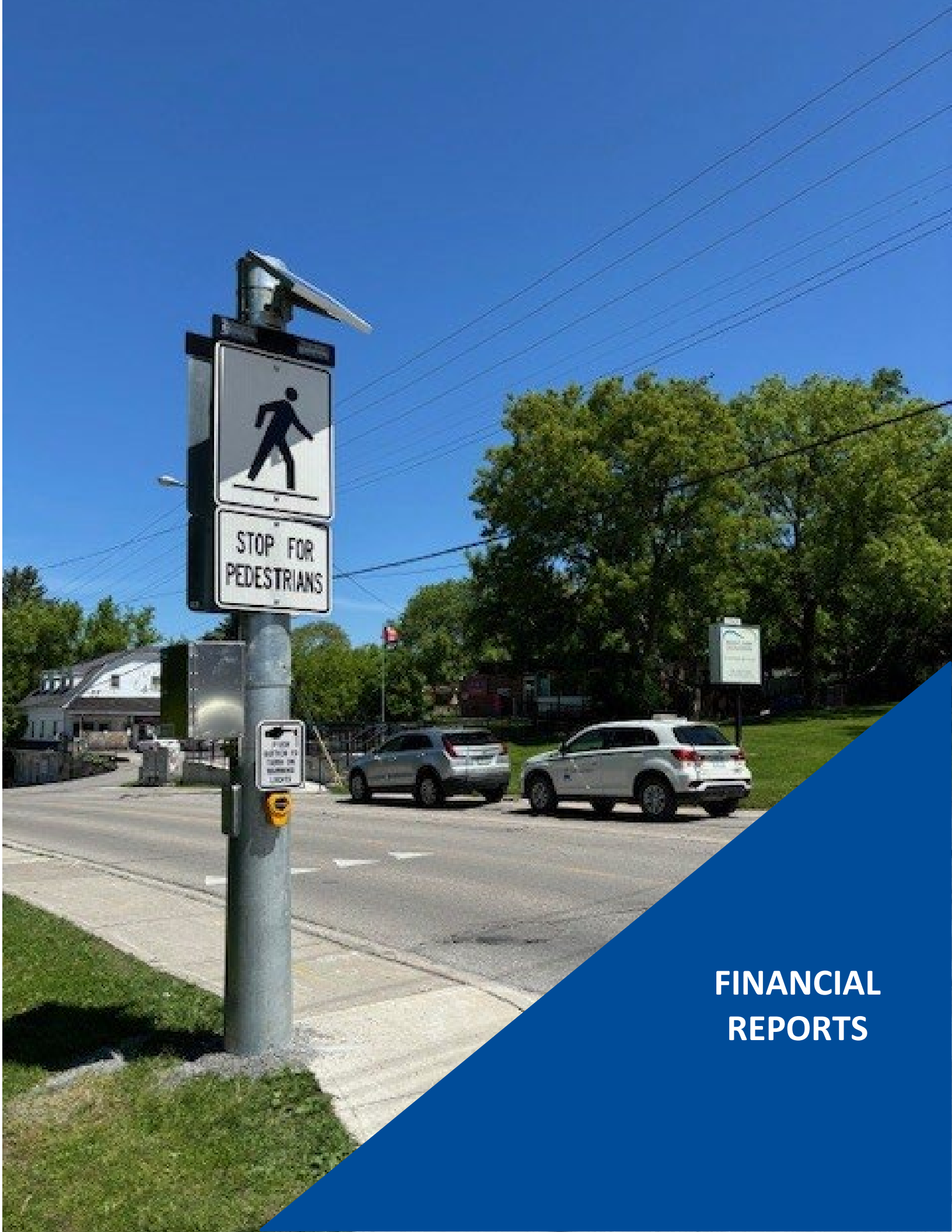


Long Term Reserve Strategy Planning to Support Future Growth (continued)

East Gwillimbury is proud of its long-standing reputation for responsible financial management and its resulting status as a debt-free municipality. This foundation prepares the Town to respond to the next phases of growth. With new developments on the horizon and increasing infrastructure needs, it's important to prioritize investments in local infrastructure and to actively seek available external funding, such as grants from other levels of government, to help cover the costs.

DC reserves are collected and used to fund growth-related capital expenditures. In the last few years, the Town has been directing a significant portion of the eligible DC reserve funds towards the construction of the Health and Active Living Plaza. Looking ahead, Town staff will continue to closely monitor these reserve balances and ensure that development-related fees continue to cover the cost of servicing growth, to the extent permitted by legislation. Further, as the Asset Management Financial Strategy is implemented, longer-term infrastructure repair and replacement will be funded by a secure and dedicated funding source. Staff are also exploring creative and forward-thinking ways to secure funding. All this work is focused on ensuring that East Gwillimbury can meet the needs of a growing community, maintain high-quality services, and continue to build on a solid financial foundation that supports both current and future residents.





FINANCIAL REPORTS

Consolidated Financial Statements of

TOWN OF EAST GWILLIMBURY

And Independent Auditor's Report thereon

Year ended December 31, 2025



KPMG LLP

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Telephone 905 265 5900
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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, 2025
- 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, 2025, 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.



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 2025.

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 2025 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 24, 2026

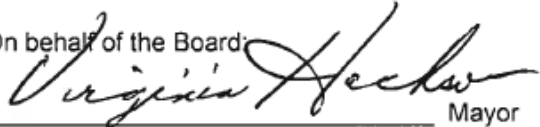
Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash	\$ 30,390,017	\$ 58,343,010
Investments (note 5)	110,598,335	111,602,840
Taxes receivable	12,789,206	11,131,691
User charges receivable	2,210,607	2,441,383
Accounts receivable	12,465,018	5,300,851
	168,453,183	188,819,775
Financial Liabilities		
Accounts payable and accrued liabilities	17,753,590	21,296,220
Employee and elected official future salaries and benefits payable (note 6)	2,547,348	2,257,535
Deposits and deferred revenue (note 7)	10,602,885	10,482,364
Obligatory reserve funds (note 8)	17,414,726	41,276,618
Asset retirement obligation (note 11)	1,639,570	1,570,891
	49,958,119	76,883,628
Net financial assets	118,495,064	111,936,147
Non-financial assets:		
Prepaid expenses	421,111	561,782
Tangible capital assets (note 12)	351,818,122	310,762,096
	352,239,233	311,323,878
Accumulated surplus		
Accumulated surplus (note 17)	467,777,501	420,344,190
Accumulated remeasurement gains	2,956,796	2,915,835
Contingencies (notes 15)		
	\$ 470,734,297	\$ 423,260,025

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, 2025, with comparative information for 2024

	2025 Budget (note 3)	2025	2024
Revenue			
Net taxation charges (note 9)	\$36,216,410	\$ 36,758,396	\$ 33,862,548
User charges	34,984,013	27,338,842	22,405,508
Charges to developers	50,175,992	31,136,424	30,594,686
Government transfers (note 10)	13,162,133	4,917,842	2,115,061
Penalties on taxes	600,000	1,400,124	1,174,069
Investment income	500,000	6,644,012	4,841,408
Contributed tangible capital assets	—	12,178,412	2,909,143
Other	255,100	921,009	1,166,784
Total Revenue	135,893,648	121,295,061	99,069,207
Expenses			
General government	13,248,141	13,043,587	11,401,604
Protection to persons and property	11,925,044	11,365,961	10,790,087
Transportation services	43,281,180	12,838,899	10,432,808
Environmental services	18,893,818	20,567,020	17,492,910
Recreation and cultural services	56,622,429	14,220,551	10,999,614
Planning and development	4,837,170	1,990,177	1,911,481
Total Expenses	148,807,782	74,026,195	63,028,504
Annual surplus (deficit) before the undernoted	(12,914,134)	47,268,866	36,040,703
Gain on sale of tangible capital assets	—	164,445	187,750
Annual surplus (deficit)	(12,914,134)	47,433,311	36,228,453
Accumulated surplus, beginning of year	420,344,190	420,344,190	384,115,737
Accumulated surplus, end of year	\$ 407,430,056	\$ 467,777,501	\$ 420,344,190

See accompanying notes to consolidated financial statements.

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 3)	2025	2024
Annual surplus (deficit)	\$ (24,599,512)	\$ 47,433,311	\$36,228,453
Acquisition of tangible capital assets	11,685,378	(42,096,675)	(37,108,800)
Contributed tangible capital assets	—	(12,178,412)	(2,909,143)
Amortization of tangible capital assets	—	13,197,894	9,731,774
Proceeds from sale of tangible capital assets	—	185,612	468,091
Gain on sale of tangible capital assets	—	(164,445)	(187,750)
	(12,914,134)	6,377,285	6,222,625
Change in remeasurement gains	—	40,961	2,915,835
Change in prepaid expenses		140,671	(125,471)
Change in net financial assets	(12,914,134)	6,558,917	9,012,989
Net financial assets, beginning of year	111,936,147	111,936,147	102,923,158
Net financial assets, end of year	\$ 99,022,013	\$ 118,495,064	\$ 111,936,147

See accompanying notes to consolidated financial statements.

Consolidated Statement of Accumulated Remeasurement Gains and Losses

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Accumulated remeasurement gains, beginning of year	\$ 2,915,835	\$ -
Realized gains, reclassified to the consolidated statement of operations	(2,317,915)	—
Unrealized gains attributable to:		
Portfolio investments	2,358,876	2,915,835
Accumulated remeasurement gains, end of year	2,956,796	\$ 2,915,835

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in)		
Operating activities:		
Annual surplus	\$ 47,433,311	\$ 36,228,453
Items not involving cash:		
Amortization of tangible capital assets	13,197,894	9,731,774
Accretion expense	68,679	70,916
Contributed tangible capital assets	(12,178,412)	(2,909,143)
Loss (gain) on sale of tangible capital assets	(164,445)	(187,750)
Change in non-cash operating items:		
Taxes receivable	(1,657,515)	(2,409,164)
User charges receivable	230,776	(426,804)
Accounts receivable	(7,164,167)	253,668
Accounts payable and accrued liabilities	(3,542,630)	(660,407)
Employee and elected official future salaries and benefits payable	289,813	165,313
Deposits and deferred revenue	120,521	(109,466)
Obligatory reserve funds	(23,861,892)	(13,788,499)
Prepaid expenses	140,671	(125,471)
	12,912,604	25,833,420
Capital activities:		
Proceeds from sale of tangible capital assets	185,612	468,091
Acquisition of tangible capital assets	(42,096,675)	(37,108,800)
	(41,911,063)	(36,640,709)
Investing activities:		
Disposal of short-term investments	1,045,466	25,538,000
Increase (decrease) in cash	(27,952,993)	14,730,711
Cash, beginning of year	58,343,010	43,612,299
Cash, end of year	\$ 30,390,017	\$ 58,343,010

See accompanying notes to consolidated financial statements.

Notes to the 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 includes 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) 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.

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.

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 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.

1. Significant accounting policies (continued):

(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.

(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.

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 when remediation is complete.

(q) 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 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.

2. Future accounting pronouncement:

These standards and amendments were not yet effective for the year ended December 31, 2025, 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.

- (a) The conceptual framework for financial reporting in the public sector was revised and 2024-2025 Annual Improvements to Public Sector Accounting Standards ("PSAS") were issued. The PSAB approved amendments providing terminology updates to align various sections of the PSAS Handbook with PSAB's Conceptual Framework and Reporting Model. These revisions and amendments are effective for fiscal years beginning on or after April 1, 2026 (the Town's December 31, 2027 year end).
- (b) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026 (the Town's December 31, 2027 year end).
- (c) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently pending final approval, with an expected effective date of April 1, 2029 (the Town's December 31, 2030 year end).
- (d) PS 3150, Tangible Capital Assets. The PSAB has issued amendments related to PS 3150 in May 2025 as a result of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customization. The amendments to this section are effective for fiscal periods beginning on or after April 1, 2030 (the Town's December 31, 2031 year end).
- (e) PS 3155, Intangible Assets, will replace the current section PSG-8, Purchased Intangibles. The proposed section is currently pending final approval and an effective date for the proposed standard is currently not known.

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	\$ 135,893,648	\$ 135,893,656
Transfer to/from other funds	—	24,599,504
Total Council approved budget	135,893,648	160,493,160
Less tangible capital assets capitalized	—	(11,685,378)
Adjusted budget per consolidated statement of operations	\$ 135,893,648	\$ 148,807,782

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.

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.

4. Financial instruments (continued):

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

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair Value
Assets				
Level 1: Guaranteed investment certificates	\$ 44,652,505	\$ 44,652,505	\$ 43,335,005	\$ 43,335,005
Level 2: Principal protected notes	62,989,034	65,945,830	65,352,000	68,267,835
	\$ 107,641,539	\$ 110,598,335	\$ 108,687,005	\$ 111,602,840

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.

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, 2025, 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:

	2025	2024
Guaranteed investment certificates, interest rate between 1.65% and 4.25% (2024 - 1.65% and 4.25%)	\$ 44,652,505	\$ 43,335,005
Maturing by:		
March 2025	—	15,518,500
March 2026	17,521,505	17,521,505
October 2027	5,000,000	5,000,000
April 2028	5,295,000	5,295,000
July 2029	5,918,000	
July 2030	5,918,000	—
March 2035	5,000,000	—

5. Investments (continued):

	2025	2024
Principle protected notes, interest rate between 3.45% and 6.90% (2024 - 2.40% and 6.90%)	\$ 65,945,830	\$ 68,267,835
Maturing by:		
December 2026	59,035	—
March 2027	—	14,825,700
July 2027	5,875,526	—
July 2028	5,999,727	—
August 2029	5,039,250	—
November 2030	—	11,950,000
June 2031	6,119,067	11,311,630
August 2031	—	10,062,400
October 2031	5,438,950	4,793,400
March 2032	5,305,000	—
July 2032	5,918,000	—
August 2032	5,153,000	—
December 2033	5,821,100	5,504,450
August 2035	5,068,000	—
July 2039	10,149,175	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.

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.

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

	2025	2024
Vacation pay and banked overtime	\$ 1,414,747	\$ 1,234,789
Council severance	164,916	148,487
Accrued post retirement non-pension benefits	898,978	819,528
Pay for performance program	68,707	54,731
Total employee future benefits payable	\$ 2,547,348	\$ 2,257,535

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 2025 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, 2025, 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 2.00% (2024 – 2.00%) per year.

(b) Interest (discount) rate:

The present value of the post employment benefit liability was determined using a discount rate of 4.50% (2024 - 4.5%).

(c) Health costs:

Health costs were assumed to increase at an average of 5.67% for 2025 reducing by 0.3333% per year to reach 4% per year starting in 2030 and 3.75% per year thereafter (2024 – 6.00%).

(d) Dental costs:

Dental costs were assumed to increase at an average of 4.10% (2024 – 4.00%) per year, set at consumer price index plus 2.00%

7. Deposits and deferred revenue:

The Town has total deposits and deferred revenue of \$10,602,885 (2024 - \$10,482,364). Deferred revenue represents \$7,563,523 (2024 - \$7,358,265) 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:

	2025	2024
Balance, beginning of year	\$ 7,358,265	\$ 7,346,756
Contributions received	2,283,624	2,104,793
Amounts recognized as revenue	(2,078,366)	(2,093,284)
Balance, end of year	\$ 7,563,523	\$ 7,358,265

8. Obligatory reserve funds:

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

	2025	2024
Development charges, opening balance	\$ 32,168,164	\$ 47,226,317
Add:		
Developer contributions	5,153,965	13,458,383
Interest earned	1,094,562	1,765,375
Deduct:		
Amounts used for eligible capital projects	(29,511,383)	(29,810,248)
Credit issued	(2,816,342)	(471,663)
Development charges, ending balance	6,088,966	32,168,164
Parkland, opening balance	2,855,265	2,091,502
Add:		
Developer contributions	755,970	653,733
Interest earned	191,764	110,030
Parkland, ending balance	3,802,999	2,855,265
Canada Community Building Fund, opening balance	5,078,519	4,718,765
Add:		
Allocation received	1,134,366	1,100,845
Interest earned	167,175	236,486
Deduct:		
Amounts used for eligible capital projects	(523,258)	(977,577)
Canada Community Building Fund, ending balance	5,856,802	5,078,519
Ontario Community Infrastructure Fund, opening balance	1,156,707	907,186
Add:		
Allocation received	975,665	848,404
Interest earned	42,901	49,819
Deduct:		
Amounts used for eligible capital projects	(525,714)	(648,702)
Ontario Community Infrastructure Fund, ending balance	1,649,559	1,156,707
Technology Modernization Fund, opening balance	17,963	121,347
Add:		
Interest earned	525	3,362
Deduct:		
Amounts used for eligible capital projects	(2,088)	(106,746)
Technology Modernization Fund, ending balance	16,400	17,963
Total obligatory reserve funds	\$ 17,414,726	\$ 41,276,618

9. Net taxation charges

Net taxation charges consist of the following:

	2025	2024
Total taxes levied by the Town	\$ 94,734,646	\$ 89,287,501
Less:		
Taxes levied on behalf of the Region of York	38,012,567	35,794,049
Taxes levied on behalf of the School Boards	19,963,683	19,630,904
	57,976,250	55,424,953
	\$ 36,758,396	\$ 33,862,548

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.

	2025	2024
Grants with stipulations	\$ 4,797,604	\$ 2,054,591
Other grants	120,238	60,470
Total government transfers	\$ 4,917,842	\$ 2,115,061

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 3.50% per annum. The corresponding expense is recorded in recreation and cultural services.

Changes to the asset retirement obligation in the year:

Asset retirement obligation	2025	2024
	Asbestos	Removal
Opening balance, January 1	\$ 1,570,891	\$ 1,499,975
Accretion expense	68,679	70,916
Closing balance, December 31	\$ 1,639,570	\$ 1,570,891

12. Tangible capital assets:

Cost	Balance, December 31, 2024	Additions	Disposals	Balance, December 31, 2025
Transportation Infrastructure	\$85,904,217	\$7,030,233	\$ -	\$92,934,450
Environmental Infrastructure	143,969,232	8,329,981	-	152,299,213
Facilities	48,275,796	88,945,153	-	137,220,949
Vehicles	12,069,201	915,052	(657,971)	12,326,282
Machinery and equipment	9,256,099	1,561,326	(200,872)	10,616,553
Land Improvements	22,692,448	2,833,906	-	25,526,354
Land	68,793,062	-	-	68,793,062
	390,960,055	109,615,651	(858,843)	499,716,863
Capital work in progress	69,237,016	39,797,525	(95,138,092)	13,896,449
	\$460,197,071	\$149,413,176	(95,996,935)	\$513,613,312

Accumulated amortization	Balance, December 31, 2024	Additions	Disposals	Balance, December 31, 2025
Transportation Infrastructure	\$48,415,956	\$4,032,363		\$52,448,319
Environmental Infrastructure	62,363,365	4,415,931		66,779,296
Facilities	15,956,140	2,136,587	-	18,092,727
Vehicles	6,999,012	970,299	(392,448)	7,567,863
Machinery and equipment	6,082,185	706,021	(432,625)	6,355,581
Land Improvements	9,618,317	936,693	(12,606)	10,542,404
	\$ 149,434,975	\$ 13,197,894	\$ (837,679)	\$ 161,795,190

	Net book value, December 31, 2024	Net book value, December 31, 2025
Transportation Infrastructure	\$ 37,488,261	\$ 40,486,131
Environmental Infrastructure	81,605,867	85,519,917
Facilities	32,319,656	119,128,222
Vehicles	5,070,189	4,749,419
Machinery and equipment	3,173,914	4,260,972
Land Improvements	13,074,131	14,983,950
Land		68,793,062
	241,525,080	337,921,673
Capital work in progress	69,237,016	13,896,449
	\$310,762,096	\$ 351,818,122

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 \$13,896,449 (2024 - \$69,237,016) 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 \$145,482,839 (2024 - \$111,552,339). 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, 2025, \$53,563,110 (2024 - \$47,734,804) 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.

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 on December 31, 2025. The results of this valuation disclosed total actuarial liabilities of \$151.4 billion in respect of benefits accrued for service with actuarial assets at that date of \$150.0 billion, indicating an actuarial deficit of \$1.3 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 2025 were \$2,571,259 (2024 - \$2,161,536).

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, except for auto which provides a \$10,000 deductible limit per incident.

17. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2025	2024
Town reserves		
Corporate/operating:		
General Capital	\$ 5,718,594	5,702,043
Tax Stabilization	3,156,619	\$ 3,299,747
Building faster fund	746,820	-
COVID operating grant	578,002	569,940
	10,200,035	9,571,730
Program Specific:		
Legal administration	1,356,544	1,280,592
Insurance	760,831	699,153
Winter maintenance	648,427	613,035
Emergency services	524,269	512,398
Election	470,863	248,316
Public art	187,129	176,750
Climate change initiatives	175,235	165,424
Library fundraising	166,639	172,082
Library operating	158,455	151,642
Farmers market	10,699	10,100
	4,459,091	4,029,492
Development Specific:		
Building Code Enforcement	15,431,204	16,192,440
Development Engineering	3,834,041	3,822,346
Planning	433,486	(301,201)
Fill and site alteration	89,606	51,440
Park development	(424,820)	(469,121)
	19,363,517	19,295,904

17. Accumulated surplus (continued):

Asset Management:		
Facilities	10,502,922	10,419,983
Roads Infrastructure	8,411,270	9,092,197
Vehicle and equipment replacement - tax levy	4,711,069	4,213,083
Information technology	1,859,963	1,928,902
Tree planting and protection	1,499,291	1,556,721
Parks structures	1,130,195	665,750
Library asset replacement	806,175	707,731
Municipal parking	261,146	246,628
Public works roads	196,032	185,056
	29,378,063	29,016,051
Community Capital Contribution:		
Administration facilities	5,509,627	5,092,608
Parkland acquisition	4,404,638	4,079,455
Ineligible due to level of service	3,180,838	2,959,362
Art and culture heritage	1,946,646	1,813,948
Economic development initiatives and servicing	1,586,481	1,460,334
Environment and watershed enhancement	792,181	751,347
10% mandatory development credit reduction	(15,390)	773,345
	17,405,021	16,930,399
Water and wastewater		
Stabilization:		
Water and Sewer Rate Stabilization	3,241,658	3,060,160
Asset Management:		
Infrastructure - water and sewer	35,013,702	30,815,956
Vehicle and equipment replacement - water and sewer	404,313	299,349
Rate supported - water and sewer	25,072	23,726
	35,443,087	31,139,031
Total reserves before the undernoted	119,490,472	113,042,767
Supplementary taxes - unbilled	117,322	56,775
Total reserves	119,607,794	113,099,542
Advanced capital projects to be reimbursed by development charges	(2,008,845)	(1,946,557)
Invested in tangible capital assets	351,818,122	310,762,096
Asset retirement obligation	(1,639,570)	(1,570,891)
Accumulated surplus	\$ 467,777,501	\$ 420,344,190

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.

(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.

18. Segmented Information (continued)

(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.

	Consolidated		General government	
	2025	2024	2025	2024
REVENUE				
Net taxation charges	(36,758,396)	(33,862,548)	(36,758,396)	(33,862,548)
User charges	(27,338,842)	(22,405,508)	(353,887)	(211,739)
Charges to developers	(31,136,424)	(30,594,686)	(535,158)	(472,950)
Grants	(4,917,842)	(2,115,061)	(115,501)	(129,026)
Penalties on taxes	(1,400,124)	(1,174,069)	(1,400,124)	(1,174,069)
Investment income	(6,644,012)	(4,841,408)	(6,635,852)	(4,834,858)
Contributed tangible capital assets	(12,178,412)	(2,909,143)	(12,178,412)	(2,909,143)
Sale of Assets	(178,009)	(513,376)	31,611	(481,909)
Other Revenue	(743,000)	(653,408)	(299,825)	(67,363)
	(121,295,061)	(99,069,207)	(58,245,544)	(44,143,605)
EXPENSES				
Salaries and wages	33,681,389	30,232,420	7,208,296	6,212,461
Materials	6,766,886	4,808,620	1,572,185	1,199,206
Contracted services	20,119,522	17,986,431	3,364,636	3,079,142
Rents and Financial	191,824	198,344	44,342	42,399
Amortization	13,197,895	9,731,774	854,128	868,396
Accretion	68,679	70,915	—	—
	74,026,195	63,028,504	13,043,587	11,401,604
Annual Surplus (deficit) before gain (loss) of tangible capital assets	47,268,866	36,040,703	45,201,957	32,742,001
Gain (loss) on sale of tangible capital assets	164,445	187,750	164,445	187,750
Annual surplus (deficit)	47,433,311	36,228,453	45,366,402	32,929,751

18. Segmented Information (continued)

	Protection to Persons and property		Transportation Services	
	2025	2024	2025	2024
REVENUE				
Net taxation charges	—	—	—	—
User charges	(1,622,534)	(1,908,663)	(3,359,391)	(1,423,440)
Charges to developers	(46,308)	(14,962)	(1,237,786)	(571,833)
Grants	(784,785)	(2,509)	(3,674,572)	(1,700,261)
Penalties on taxes	—	—	—	—
Investment income	—	—	—	—
Contributed tangible capital assets	—	—	—	—
Sale of Assets	(57,410)	(2,456)	(102,163)	(11,425)
Other Revenue	(72,887)	(144,659)	(34,182)	(27,876)
	(2,583,924)	(2,073,249)	(8,408,094)	(3,734,835)
EXPENSES				
Salaries and wages	8,991,306	8,373,909	4,293,311	4,066,443
Materials	477,915	516,797	1,396,461	948,720
Contracted services	1,144,821	1,107,754	2,637,974	2,280,756
Rents and Financial	—	—	—	—
Amortization	751,919	791,627	4,511,153	3,136,889
Accretion	—	—	—	—
	11,365,961	10,790,087	12,838,899	10,432,808
Annual Surplus (deficit) before gain (loss) of tangible capital assets	(8,782,037)	(8,716,838)	(4,430,805)	(6,697,973)
Gain (loss) on sale of tangible capital assets	—	—	—	—
Annual surplus (deficit)	(8,782,037)	(8,716,838)	(4,430,805)	(6,697,973)

18. Segmented Information (continued)

	Environmental Services		Recreation and Cultural Services	
	2025	2024	2025	2024
REVENUE				
Net taxation charges	—	—	—	—
User charges	(17,921,351)	(15,974,348)	(2,376,195)	(2,049,481)
Charges to developers	(20,011)	(137,359)	(29,040,346)	(29,207,132)
Grants	(192,839)	(175,356)	(107,145)	(73,316)
Penalties on taxes	—	—	—	—
Investment income	—	—	(8,160)	(6,550)
Contributed tangible capital assets	—	—	—	—
Sale of Assets	(6,000)	(11,931)	(44,047)	(5,655)
Other Revenue	(172,985)	(326,876)	(163,121)	(86,634)
	(18,313,186)	(16,625,870)	(31,739,014)	(31,428,768)
EXPENSES				
Salaries and wages	3,587,846	3,248,626	8,029,487	6,844,190
Materials	462,492	408,853	2,843,607	1,628,868
Contracted services	12,026,060	10,411,668	546,290	788,597
Rents and Financial	—	—	147,482	155,945
Amortization	4,490,622	3,423,763	2,585,006	1,511,099
Accretion	—	—	68,679	70,915
	20,567,020	17,492,910	10,139,631	10,999,614
Annual Surplus (deficit) before gain (loss) of tangible capital assets	(2,253,834)	(867,040)	17,518,463	20,429,154
Gain (loss) on sale of tangible capital assets	—	—	—	—
Annual surplus (deficit)	(2,253,834)	(867,040)	17,518,463	20,429,154

18. Segmented Information (continued)

	Planning and Development	
	2024	2024
REVENUE		
Net taxation charges	—	—
User charges	(1,705,484)	(837,837)
Charges to developers	(256,815)	(190,450)
Grants	(43,000)	(34,593)
Penalties on taxes	—	—
Investment income	—	—
Contributed tangible capital assets	—	—
Sale of Assets	—	—
Other Revenue	—	—
	(2,005,299)	(1,062,880)
EXPENSES		
Salaries and wages	1,571,143	1,486,791
Materials	14,226	106,176
Contracted services	399,741	318,514
Rents and Financial	—	—
Amortization	5,067	—
Accretion	—	—
	1,990,177	1,911,481
Annual Surplus (deficit) before gain (loss) of tangible capital assets	15,122	(848,601)
Gain (loss) on sale of tangible capital assets	—	—
Annual surplus (deficit)	15,122	(848,601)



STATISTICAL INFORMATION

Five Year Financial Review

	2025	2024	2023	2022	2021
REVENUE					
Net taxation charges	36,758,396	33,862,548	30,957,466	28,792,550	27,428,019
User charges	27,338,842	22,405,508	22,519,344	23,011,595	22,998,166
Charges to developers	31,136,424	30,594,686	27,140,974	10,762,540	10,798,387
Grants/Government Transfers	4,917,842	2,115,061	1,933,213	1,679,633	3,179,510
Penalties on taxes	1,400,124	1,174,069	955,759	723,477	787,797
Investment income	6,644,012	4,841,408	3,737,998	1,835,443	907,082
Other Revenue	921,009	1,166,784	733,589	462,538	366,505
Contributed tangible capital assets	12,178,412	2,909,143	17,819,917	21,527,543	13,720,136
Total Revenue	121,295,061	99,069,207	105,798,260	88,795,316	80,185,602

NET TAXATION CHARGES					
Total Taxes levied by Town	94,734,646	89,287,501	82,805,297	78,472,155	74,326,044
Less: Taxes Levied on behalf of York Region	38,012,567	35,794,049	33,555,326	31,270,839	29,223,061
Less: Taxes Levied on behalf of School Boards	19,963,683	19,630,904	18,292,505	18,408,766	17,674,964
Total net taxation charges	36,758,396	33,862,548	30,957,466	28,792,550	27,428,019

EXPENSES BY FUNCTION					
General government	13,043,587	11,401,604	10,903,401	9,353,546	7,758,684
Protection to persons and property	11,365,961	10,790,087	10,243,686	9,846,267	9,340,277
Transportation services	16,919,819	10,432,808	10,601,560	9,984,453	9,386,567
Environmental services	20,567,020	17,492,910	17,583,761	16,829,268	14,891,516
Recreation and cultural services	10,139,631	10,999,614	10,233,864	9,546,951	9,434,269
Planning and development	1,990,177	1,911,481	1,591,069	1,431,282	1,840,487
Total Expense by Function	74,026,195	63,028,504	61,157,341	56,991,767	52,651,800

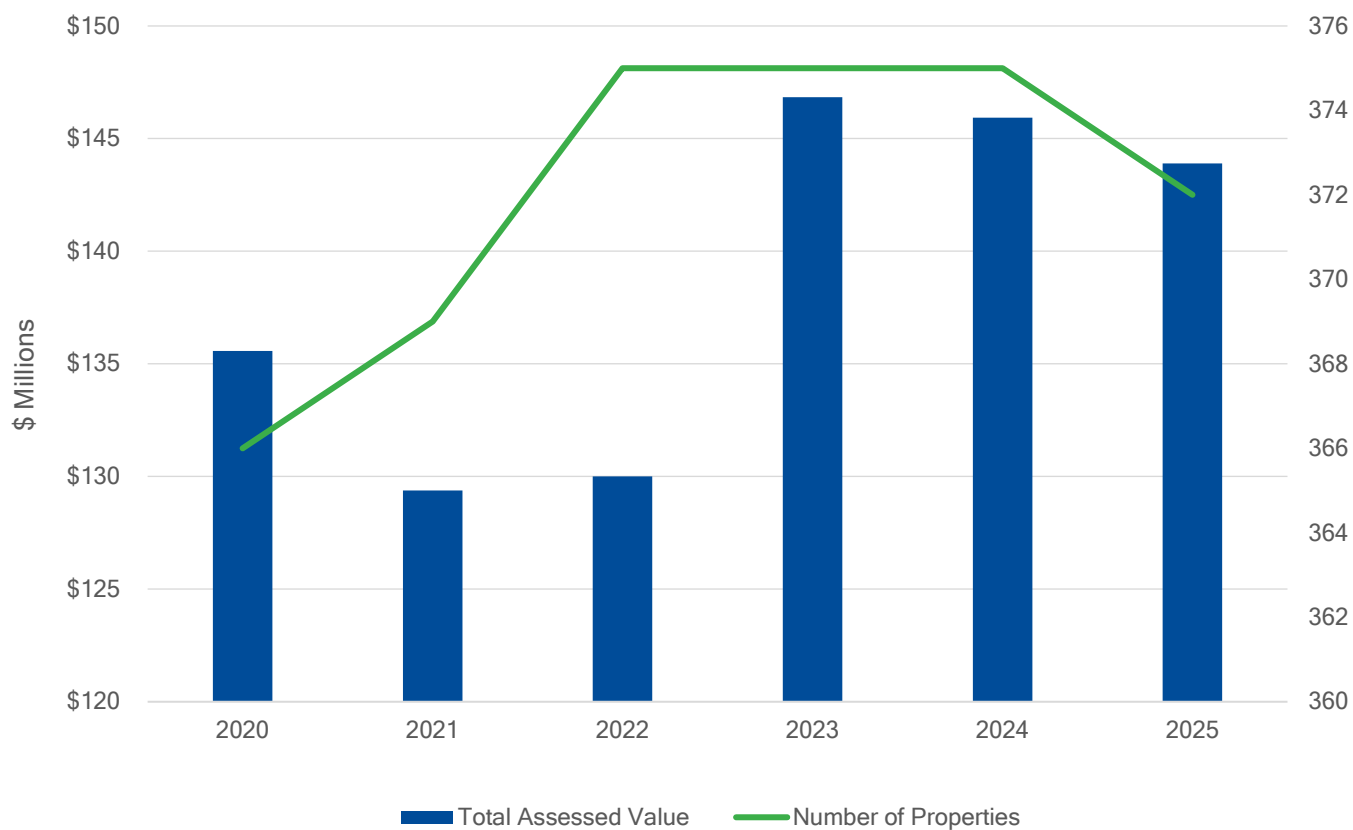
Five Year Financial Review (continued)

	2025	2024	2023	2022	2021
EXPENSES BY OBJECT					
Salaries and wages	33,681,389	30,232,434	26,803,535	24,666,136	23,146,164
Materials	6,766,886	4,808,613	4,139,875	5,478,871	5,229,443
Contracted Services	20,119,522	17,986,424	18,284,578	15,647,137	15,053,382
Rents and financial exp	191,824	198,344	180,088	151,930	133,946
Amortization	13,197,895	9,731,774	11,680,281	11,047,693	9,088,865
Accretion	68,679	70,915	68,984	-	-
Total Expense by Object	74,026,195	63,028,504	61,157,341	56,991,767	52,651,800
Gain/(Loss) on sale of tangible capital assets	164,445	187,750	183,339	(8,299)	96,403
Annual Surplus	47,433,311	36,228,453	44,824,258	31,795,253	27,630,205

ACCUMULATED SURPLUS					
Reserves	102,085,451	96,112,368	89,466,601	82,145,249	69,865,244
Community Capital Contribution	17,405,021	16,930,399	17,270,300	17,102,222	16,674,756
Supplementary Taxes	117,322	56,775	123,414	186,191	170,546
Total Reserves	119,607,794	113,099,542	106,860,315	99,433,662	86,710,546
Front Ended Capital Projects to be recovered by development charges	(2,008,845)	(1,946,557)	(2,000,871)	(1,517,103)	(1,781,649)
Investments in tangible capital assets	351,818,122	310,762,096	280,756,268	241,374,920	222,567,332
Asset Retirement Obligation	(1,639,570)	(1,570,891)	(1,499,975)	-	-
Total Accumulated Surplus	467,777,501	420,344,190	384,115,737	339,291,479	307,496,229
Acquisition of Tangible Capital Assets	149,413,176	41,648,449	53,079,288	53,276,041	24,712,562
Net Financial Assets	118,495,064	111,936,147	102,923,158	97,475,337	84,586,719
Total Debt Outstanding Per Capita	-	-	-	-	-

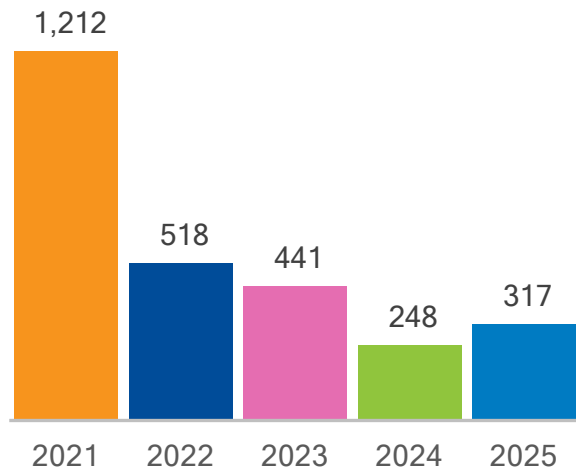
Value of Town Owned Land

Over the five-year period, the Town's inventory of owned properties increased from 366 properties in 2020 to 375 properties by 2022, where it remained stable through 2024 before decreasing slightly to 372 properties in 2025. During the same period, the total assessed value of these properties fluctuated annually, ranging from \$129,377,000 in 2021 to a peak of \$146,845,000 in 2023. As of 2025, the total assessed value stood at \$143,900,000.

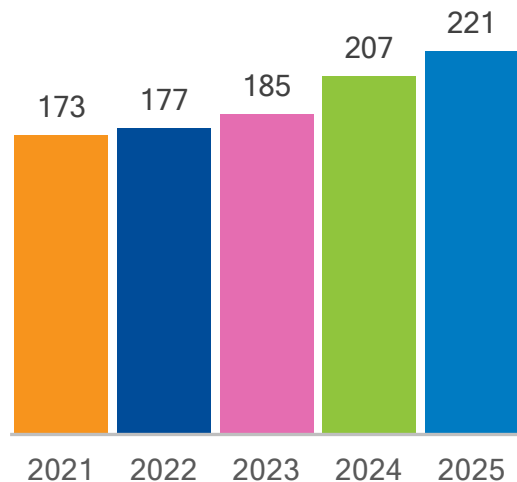


Statistical Data

Total Building Permits Issued

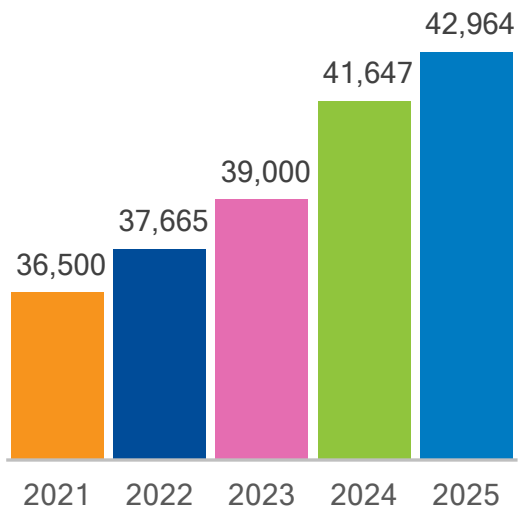


Full Time Equivalent Employees

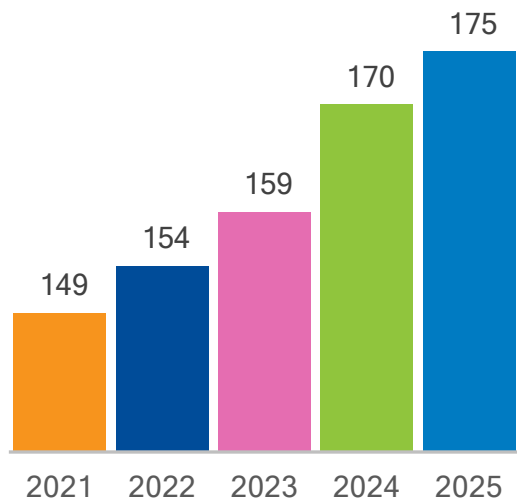


(per 2025 Business Plan and Budget)

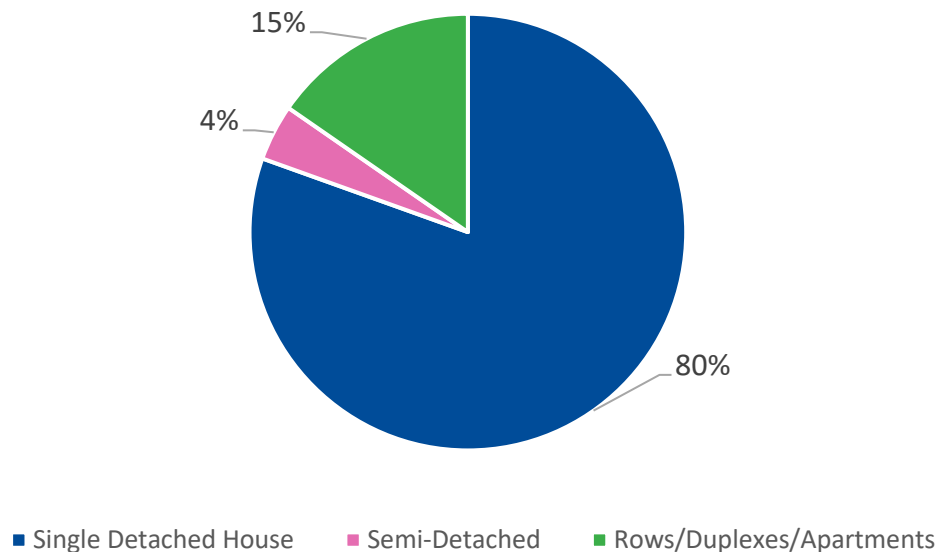
Population



Population Density per sq. kilometre



Estimated Occupied Households in East Gwillimbury*



*13,312 total estimated occupied households as at December 31, 2025 per York Region Estimated Population Dashboard

Top Employers

(By Number of Employees)

- Costco Business Centre
- Greenworks Tools
- Landmark Bus Lines
- New Leaf
- Real Canadian Superstore
- Rona+
- Skelton Truck Lines
- Technicore Underground
- Ward and Burke Microtunneling
- Witron



Largest Corporate Taxpayers

- Yonge & Green Lane South Developments Corp.
- Fetlar Holdings Limited
- Riotrin Properties (Newmarket) Inc.
- Wycliffe Revera Sharon Inc.
- Yonge & Green Lane SE Limited
- Regional Municipality of York
- Yonge & Green Lane Developments Corp.
- CP REIT Ontario Properties Limited
- 125 Corcoran TP Ltd.
- Costco Wholesale Canada Ltd.



Information on the Town of
East Gwillimbury is available
at ***eastgwillimbury.ca***

Direct any inquires regarding
this document to:

Town of East Gwillimbury
Finance Department
19000 Leslie Street,
Sharon, Ontario L0G 1V0
905-478-4282

