



Town of
East Gwillimbury



Annual Financial Report for the year ending December 31, 2018

19000 Leslie Street
Sharon ON, L0G 1V0
Canada
905-478-4282 | www.eastgwillimbury.ca

Prepared by: Corporate Services, Finance Branch

(left blank intentionally)

CONTENTS

INTRODUCTION	4
About East Gwillimbury	4
Governance	5
Mayor and Council	5
Town Organizational Structure	6
Message From the Mayor	7
Message From the CAO	8
Message From the Treasurer	9
Financial Discussion and Analysis	10
Town of East Gwillimbury Mandate	10
Management Responsibility.....	11
Town Bylaws, Policies and Controls.....	12
Significant Activities affecting 2018 Financial Statements	12
2018 Financial Highlights	13
Looking Forward.....	14
Planning For Growth.....	14
FINANCIAL REPORTS.....	17
Independent Auditor Report	18
Consolidated Statement of Financial Position	20
Consolidated Statement of Operations and Accumulated Surplus	20
Consolidated Statement of Cash Flows.....	22
Consolidated Statement of Changes in Net Financial Assets	23
Notes to The Consolidated Financial Statements.....	24
STATISTICAL DATA	45
Five Year Financial Statistics	45
Five Year Miscellaneous Statistics	46

INTRODUCTION

ABOUT EAST GWILLIMBURY



Town of East Gwillimbury

Our Town. Our Future.

If you take just a short drive through East Gwillimbury you can see the rich heritage of our Town. You can see our roots in the farms, the stunning countryside, and in the dairy farms, equestrian centres, and open spaces that encapsulate our rich history. They are where we came from. East Gwillimbury wasn't built as a city centre like many other municipalities in our area. We had hamlets, which were formed to support our rural communities. Each hamlet grew and in 1850 became the Township of East Gwillimbury. In 1971, the Regional Municipality of York was established and the Township became known as the Town of East Gwillimbury. As we move forward we will continue to preserve these spaces and their identities, as this is what makes East Gwillimbury unique.

The Town's 2015 to 2018 Strategic Plan shows a commitment to protect, preserve and respect the Town's cultural and natural heritage features. This ensures that we remember our past and celebrate our history while incorporating new traditions as we move forward. We embrace new residents, businesses and landscapes and will continue to look for opportunities to grow.

Council's new 2019 to 2022 Strategic Plan continues this theme with a focus on ensuring responsible growth and environmental protection, providing quality programs and services, building a complete community and fostering a culture of municipal excellence.



GOVERNANCE

MAYOR AND COUNCIL

The Municipal Council is comprised of the Mayor and two Councillors elected per ward, with the Mayor also representing the Town at the regional level of government. During the 2018 Municipal Election, The Town transitioned from an at-large system to this three-ward system. At this time, Council also added two new Councillors to represent the Town of East Gwillimbury.

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



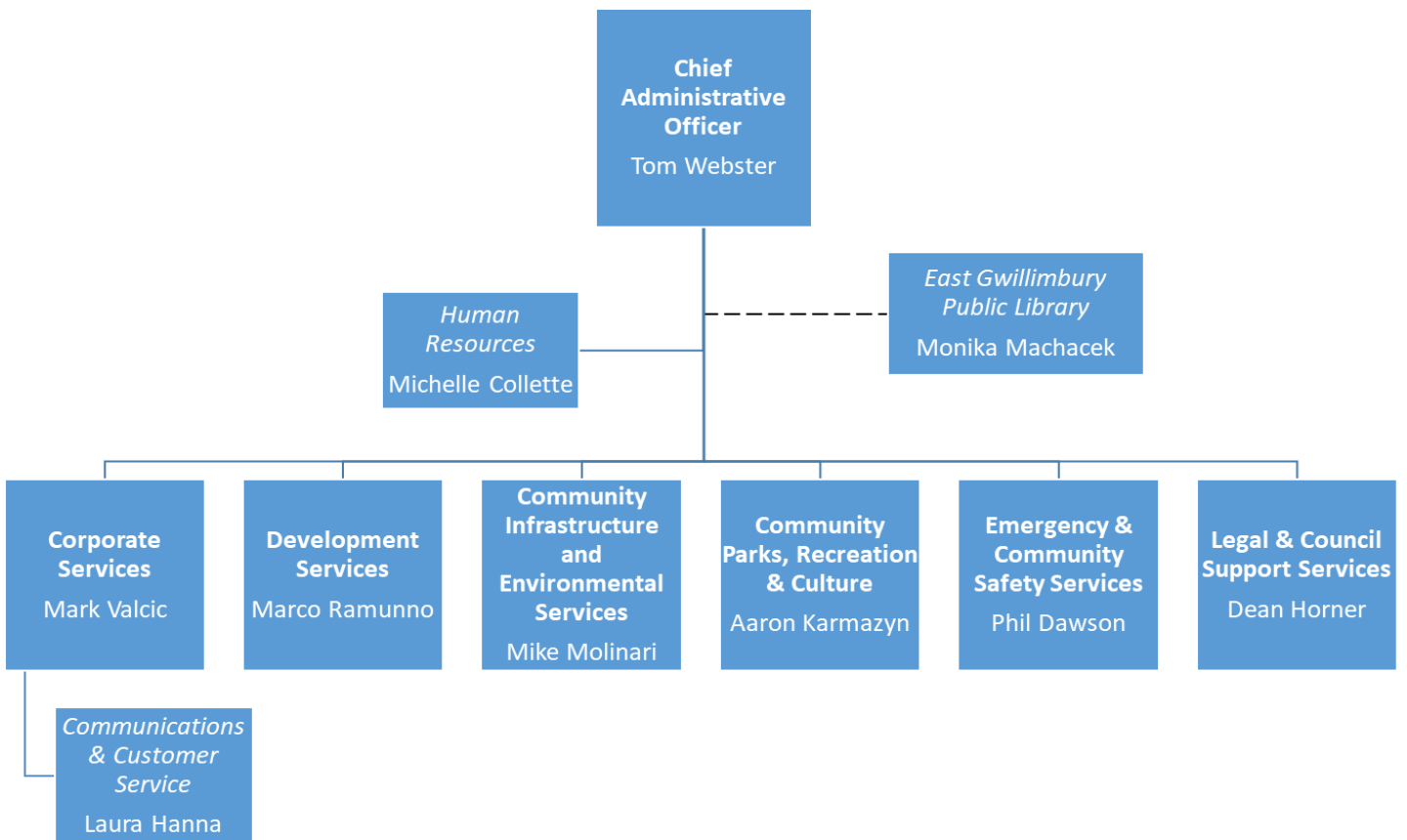
Mayor and Council

2018-2022 Council (left to right): Councillor Lorelea Carruthers, Ward 1, Councillor Scott Crone, Ward 3, Councillor Tara Roy-DiClemente, Ward 2, Mayor Virginia Hackson, Councillor Joe Persechini, Ward 2, Councillor Cathy Morton, Ward 3 and Councillor Terry Foster, Ward 1.

TOWN ORGANIZATIONAL STRUCTURE

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

Senior Management Team



MESSAGE FROM THE MAYOR



Virginia Hackson
Mayor

The Council of the Town of East Gwillimbury is guided by our Strategic Plan which represents the vision and goals for the Corporation. One of the key drivers within the Town's Strategic Plan is to ensure that the Town operates in a fiscally responsible manner while balancing and managing the high growth of the community ensuring we are transparent and accountable to our residents.

This Year End Financial Statement Report helps Council uphold each of the Strategic Priorities. By gathering this data in one central location, making it readily available for residents, we are providing a new and easily accessible way for our residents to stay informed and aware of the financial future of the Town.

As both a resident, and Mayor, I know first-hand the importance of keeping taxes low, while ensuring we continue to deliver high quality programs and services for our residents. Staff at the Town of East Gwillimbury have done an exemplary job in maintaining this balance. With zero municipal debt and positive reserve balances, East Gwillimbury is in an excellent financial position as we move forward.

I encourage you to take a few moments to read through this document where you will learn about the Town's financial position.

MESSAGE FROM THE CAO



**Tom Webster,
Chief Administrative Officer**

The Town of East Gwillimbury is proud of our strong fiscal management and continued focus on transparency. Thanks to our committed staff team, the Town is able to ensure that funds are spent responsibly, that we work with our partners to create service-delivery efficiencies and that we continuously plan for the future to ensure East Gwillimbury grows in a responsible and sustainable manner.

I would like to acknowledge the team for their dedicated focus to ensure that East Gwillimbury's financial practices are upheld and remain aligned with the Town's Strategic Plan.

This document was created to provide an opportunity for residents to review the Town's financial statements in an engaging, user-friendly way. We will continue to grow this program, and ensure that we utilize the Town's communication channels to educate residents on the importance of maintaining our strong fiscal position.

Congratulations to the staff team for their hard work on preparing this important document!

MESSAGE FROM THE TREASURER



Mark Valcic
Treasurer

The Town of East Gwillimbury is proud to present its first annual Financial Report, which details the Town's financial performance and highlights key accomplishments through 2018. The financial statements have been prepared in accordance with the Municipal Act, 2001, and are based on the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The 2018 financial results are indicative of the pace of growth that the Town has continued to experience, including the expansion of the infrastructure base that supports the delivery of the services that are essential to a complete community.

Managing and planning for growth is a key priority for the Town. This planning took important steps forward in 2018 with the finalization of ground work for the new Operations Centre, as well as the completion of a Health and Active Living Master Plan to guide parks and recreation services over the next ten years. An award winning GIS tracking system and reporting dashboard was created to enhance availability and reporting of growth progress within the Town.

Many other projects have been completed to enhance efficiency and improve service for residents. These projects include enhanced communication brochures, internal technology improvements to increase productivity and efficiency, fee reviews and joint procurement initiatives.

The Town also implemented strategies focusing on customer experience, customer loyalty and continuous improvement in the Recreation area. A new Health and Active Living guide was issued and has received positive feedback from residents. New and flexible programs have been introduced in response to resident requests and have resulted in increased participation.

The accomplishments of 2018 are reflective of the collaborative and forward thinking approach that continues to support the rapidly growing and diverse community. The Town of East Gwillimbury looks forward to further building on this foundation in the years to come.

FINANCIAL DISCUSSION AND ANALYSIS

The accompanying financial statements are prepared in accordance with the Canadian public sector accounting standards published by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The Financial Report is published to provide the Town's Council, staff, residents and other readers with detailed information concerning the financial position and activities of the Corporation of the Town of East Gwillimbury (the "Town") for the fiscal year ended December 31, 2018.

There are four required financial statements:

1. Consolidated Statement of Financial Position
2. Consolidated Statement of Operations and Accumulated Surplus
3. Consolidated Statement of Cash Flows
4. Consolidated Statement of Change in Net Financial Assets

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

TOWN OF EAST GWILLIMBURY MANDATE

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

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

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

MANAGEMENT RESPONSIBILITY

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

The Town's management monitors and maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

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

The consolidated financial statements have been audited by BDO 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, 2018. The report also outlines the auditor's responsibilities and the scope of their examination.

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

An audit involves performing specific procedures chosen by the auditors to obtain audit evidence in order to verify the amounts and disclosures in the consolidated financial statements as well as to assess the risk of material misstatements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

TOWN BYLAWS, POLICIES AND CONTROLS

The Town has put in place various bylaws, policies and control procedures to support better financial management and stewardship of the Town's assets and reduce risk. These cover such activities as managing reserves, investing Town funds, procuring goods and services, determining insurance coverage and setting development charges. As well, 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.

Provincial direction determines many aspects of municipal financial management, including the setting of development charges, debt issuance, budgeting, accounting and reporting standards.

SIGNIFICANT ACTIVITIES AFFECTING 2018 FINANCIAL STATEMENTS

DEVELOPER CONTRIBUTED ASSETS

Donated assets, excluding land, are recorded at the time the Town assumes responsibility for the maintenance of the municipal services such as roads, sidewalks and storm sewers. This usually occurs approximately three to four years from registration of the subdivision, although it may be longer depending on the

development. Land is recorded earlier in the process at the time of plan registration. Fluctuations in value of donated assets differ from year to year based on the number of plans registered, timing of subdivision assumptions and the infrastructure constructed in each subdivision in any given year. During 2018, the Town assumed the roads and infrastructure associated with the Harvest Hills development. Approximately 1/3 of the total contributed assets are related to this development. The balance of the contributed assets are related to land contributions from developers.

2018 FINANCIAL HIGHLIGHTS

REVENUE

Overall revenue increased over 2017 due to a variety of conditions. As described above, contributed assets increased by \$8.7M. Net taxation charges increased by approximately \$3.2M due to both an assessment base increase as well as a tax levy increase aligned with inflation. There was a reduction in user charges of \$5.3M due to reduction in permits and site plan agreements issued. The remaining increase of \$3.7M is mainly due to increased developer charges and grant funding.

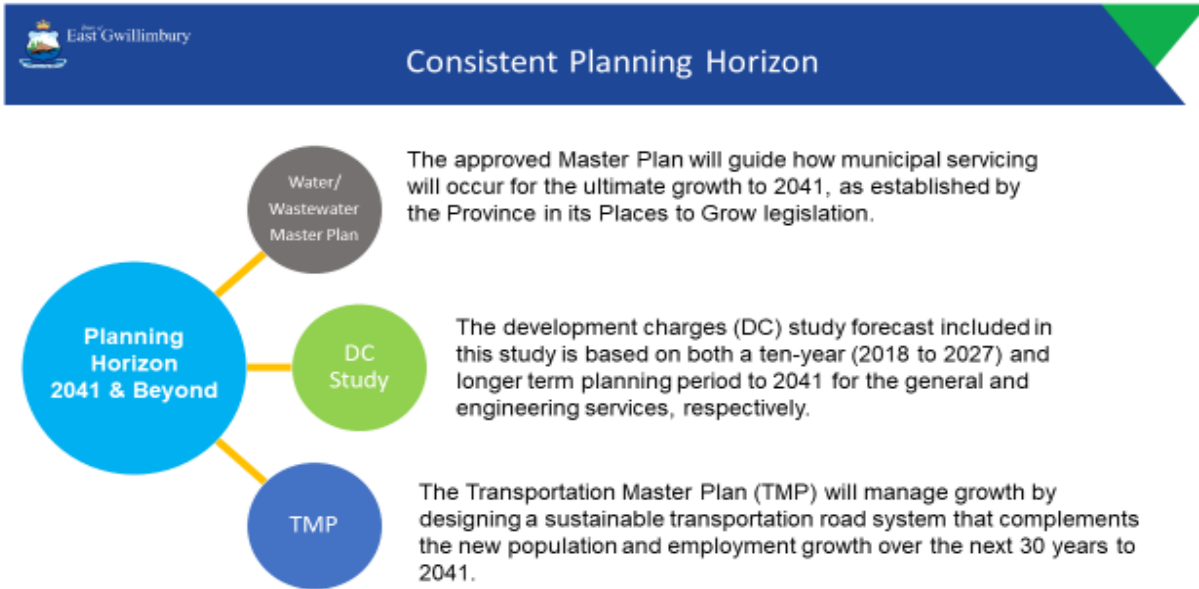
EXPENDITURES

Overall expenditures increased by \$1M over the previous year. This increase is due to a \$2M increase in salary and wage costs in all areas resulting from cost of living increase and the filling of vacancies. Amortization increased by \$1.6M mainly due to the increase in tangible capital assets. These increases are partially offset by a decrease in credits of \$1.2M provided to developers for works undertaken on behalf of the Town and cost savings of \$1.4M achieved in various program areas.

LOOKING FORWARD

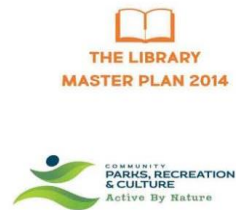
PLANNING FOR GROWTH

Growth projections anticipate the Town to grow to approximately 50,000 people over the next five to ten years and then potentially doubling by 2041. Master plans must be developed to ensure servicing is available to accommodate this growth. The details of the master planning process are highlighted below.



Source: Growth Management Workshop June 11, 2019

PUBLIC OUTREACH AND MASTER PLANS



- In 2014 Council adopted the East Gwillimbury Public Library Master Plan. This identified the need for expansion of library services with an additional Library at a central location.
- In 2018 Council adopted the Health & Active Living Master Plan which highlights the expansion and enhancement of parks, trails, facilities and programs and special events over the next 10 years.
- The plan consisted of the most extensive public outreach process in the history of the Town including a survey of over 700 residents. In addition, over 30 meetings including public meetings with residents and community stakeholders were held.
- A high priority project identified under the plan was the development of the Health & Active Living Plaza project including:



Source: HALP Workshop June 11, 2019

Anticipated Planning Approval Timelines for new Urban Areas



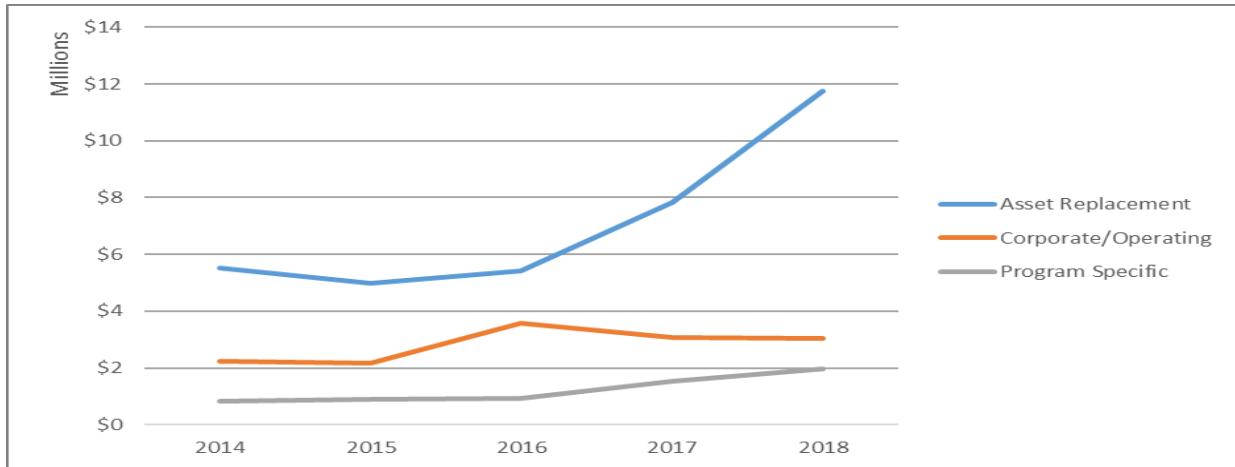
Source: Growth Management Workshop June 11, 2019

York Region has commenced a Municipal Comprehensive Review. This review will influence Town population projections which will inform the review process and development of future plans.

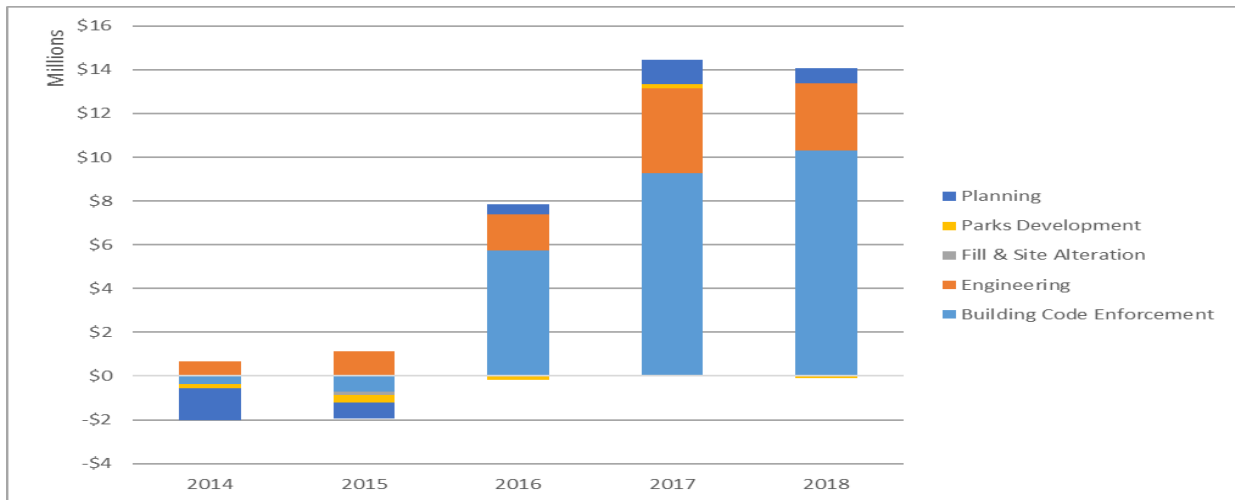
PRESERVING A DEBT-FREE TOWN WITH GROWING RESERVES TO SUPPORT FUTURE GROWTH

At this point in time, the Town continues to be debt free. Future growth plans and construction may facilitate the need for financing in the future, however the Town remains in a strong financial position moving into the next phase of growth. The following graphs demonstrate the fiscal responsibility of the Town in ensuring sufficient reserve growth to provide for future infrastructure requirements.

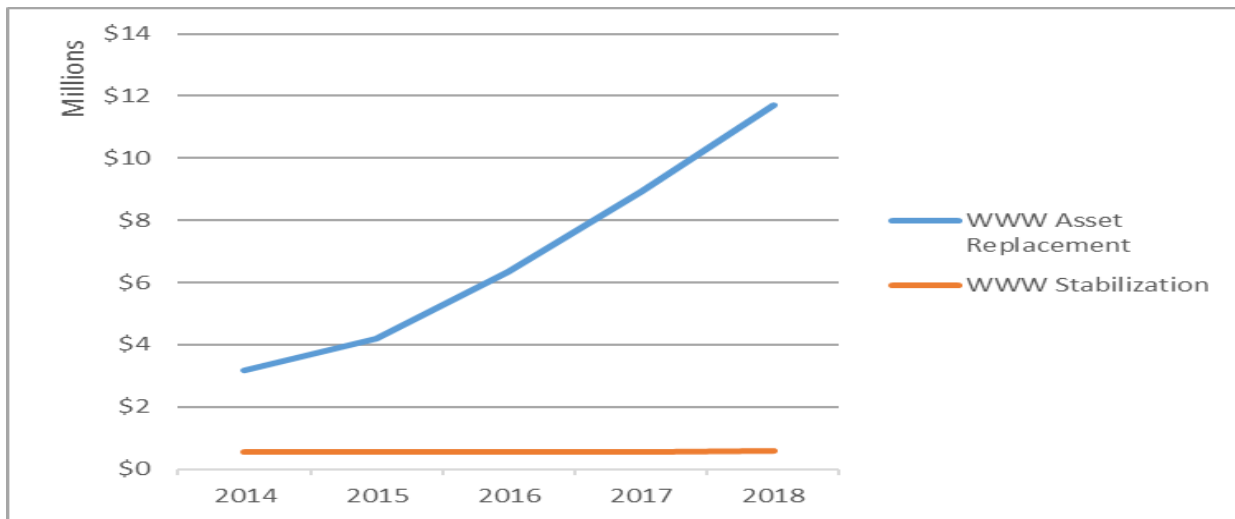
OPERATING RESERVES



FEE SUPPORTED RESERVES



WATER AND WASTEWATER RESERVES



Source: Unaudited 2018 Year End Financial Position Report CS2019-05 May 22, 2019

FINANCIAL REPORTS



Town of
East Gwillimbury



Consolidated Financial Statements
for the year ending
December 31, 2018

Approved July 16, 2019

19000 Leslie Street
Sharon ON, L0G 1V0
Canada
905-478-4282 | www.eastgwillimbury.ca

INDEPENDENT AUDITOR REPORT



Tel: 705 435 5585
Fax: 705 435 5587
www.bdo.ca

BDO Canada LLP
169 Dufferin Street S, Units 13 & 14
Alliston ON L9R 1E6 Canada

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 Town), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2018, and its results of operations, change in net financial assets and its 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 report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated financial statements.



Tel: 705 435 5585
Fax: 705 435 5587
www.bdo.ca

BDO Canada LLP
169 Dufferin Street S, Units 13 & 14
Alliston ON L9R 1E6 Canada

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 consolidated 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 Town'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 Town'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 consolidated 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Chartered Professional Accountants, Licensed Public Accountants

Alliston, Ontario
June 18, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2018



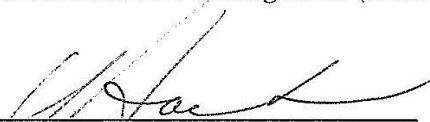
Town of
East Gwillimbury

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


Year ended December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>(note 3)</i>	97,156,062	86,408,045
Taxes receivable	4,857,641	3,510,263
User charges receivable	2,749,169	2,474,941
Accounts receivable	3,313,052	3,148,605
	108,075,924	95,541,854
LIABILITIES		
Accounts payable and accrued liabilities	5,526,643	5,936,699
Obligation under tangible capital lease <i>(note 7)</i>	49,725	145,591
Employee and elected official future salaries and benefits payable <i>(note 4)</i>	1,034,267	981,039
Deposits and deferred revenue <i>(note 5)</i>	29,487,727	31,282,890
Obligatory reserve funds <i>(note 6)</i>	39,825,175	34,305,885
	75,923,537	72,652,104
Net financial assets	32,152,387	22,889,750
NON FINANCIAL ASSETS		
Prepays	881,121	567,820
Tangible Capital Assets <i>(note 10)</i>	168,576,164	153,608,248
	169,457,285	154,176,068
ACCUMULATED SURPLUS <i>(note 16)</i>	201,609,672	177,065,818

Commitments and contingencies (notes 12 and 14)



Mayor



Treasurer

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended December 31, 2018

	2018 Budget \$ <i>(note 2)</i>	2018 Actual \$	2017 Actual \$
REVENUE			
Net taxation charges <i>(note 8)</i>	20,218,089	21,536,531	18,265,478
User charges	16,514,092	17,216,239	22,535,973
Charges to developers	22,116,902	8,372,166	5,838,784
Government transfers <i>(note 9)</i>	3,715,871	1,829,970	1,154,838
Penalties on taxes	500,000	509,610	424,757
Investment income	175,000	1,013,476	507,953
Contributed tangible capital assets	-	16,231,470	7,461,501
Other	414,256	1,154,131	1,255,516
Total revenue	63,654,210	67,863,593	57,444,800
EXPENSE			
General government	5,369,045	6,450,299	9,661,005
Protection to persons and property	9,500,462	7,661,956	6,984,604
Transportation services	6,880,633	8,569,212	7,453,805
Environmental services	9,507,024	11,417,968	8,614,167
Recreation and cultural services	9,467,741	7,692,944	7,744,198
Planning and development	4,989,984	1,574,718	1,859,770
	45,714,889	43,367,097	42,317,549
NET REVENUES	17,939,321	24,496,496	15,127,251
Gain / (loss) on sale of tangible capital assets	-	47,357	(553,032)
Annual surplus	17,939,321	24,543,853	14,574,219
Accumulated Surplus, beginning of year	177,065,818	177,065,818	162,491,599
Accumulated Surplus, ending of year	195,005,139	201,609,671	177,065,818

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	2018	2017
	\$	\$
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual Surplus	24,543,854	14,574,219
Non-cash charges to operations		
Amortization of tangible capital assets	7,658,489	6,053,080
Contributed tangible capital assets	(16,231,470)	(7,461,501)
Loss / (Gain) on sale of tangible capital assets	(47,357)	553,032
Changes in non-cash operating working capital		
Taxes receivable	(1,347,378)	(774,650)
User charges receivable	(274,228)	(508,115)
Accounts receivable	(164,447)	(543,615)
Accounts payable and accrued liabilities	(410,056)	(1,542,842)
Employee and elected official future salaries and benefits payable	53,228	41,917
Deposits and deferred revenue	(1,795,163)	7,748,930
Obligatory reserve funds	5,519,290	15,652,338
Prepays	(313,301)	(141,644)
	17,191,461	33,651,149
CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	52,410	-
Purchase of tangible capital assets	(6,399,988)	(3,217,847)
	(6,347,578)	(3,217,847)
FINANCING ACTIVITIES		
Repayment of obligation under tangible capital lease	(95,866)	(91,302)
Net increase in cash and cash equivalents during the year	10,748,017	30,342,000
Cash and cash equivalents, beginning of year	86,408,045	56,066,045
Cash and cash equivalents, end of year	97,156,062	86,408,045

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31, 2018

	2018 Budget \$ <i>(note 2)</i>	2018 Actual \$	2017 Actual \$
Annual surplus	17,939,321	24,543,854	14,574,219
Acquisition of tangible capital assets	(24,985,220)	(6,399,988)	(3,217,847)
Contributed tangible capital assets	-	(16,231,470)	(7,461,501)
Amortization of tangible capital assets	-	7,658,489	6,053,080
Proceeds from sale of tangible capital assets	-	52,410	-
(Gain) / loss on sale of tangible capital assets	-	(47,357)	553,032
	(7,045,899)	9,575,938	10,500,983
Change in prepaids	-	(313,301)	(141,644)
Change in net financial assets / (net debt)	(7,045,899)	9,262,637	10,359,339
Net financial assets at the beginning of year	22,889,750	22,889,750	12,530,411
Net financial assets at the end of year	15,843,851	32,152,387	22,889,750

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

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

Management's responsibility for the financial statements

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

Basis of consolidation

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting

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

Cash and cash equivalents

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

Government transfers

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

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, accrued receivables liabilities, and the fair value of contributed tangible assets. Actual results could differ from those estimates as additional information becomes available in the future.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

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:

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

Amortization is pro-rated to 6 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

	Useful Life - Years
Machinery and equipment	3-25

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

Deferred revenue – obligatory reserve funds

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These accounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges, parkland and Federal Gas Tax 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.

Investment income

Investment income is reported as revenue in the period earned. Investment income earned on development charges, parkland, gas taxes, Ontario Municipal Partnership and main street revitalization (obligatory reserve funds) are added to the fund balance and forms part of the deferred revenue balance.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget figures

The budgets originally approved by the Town for 2018, adjusted as noted below, are reflected on the Consolidated Statement of Operations and the Consolidated Statement of Changes in Net Financial Assets.

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

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

Pension Plan

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

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.

Front ended contract liabilities

Front ended contract liabilities arise from contractual obligations with developers and are recorded at the time the contract is signed and a reasonable estimate can be made of the amount involved. When building permits are issued to the developer the obligation is fulfilled and the liability is reduced.

2. BUDGET RECONCILIATION

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

	Revenue	Expense
	\$	\$
Operating Fund	38,426,080	38,426,080
Transfer to/from other funds	-	(3,438,638)
Capital Budget	25,228,130	35,712,667
Total Council Approved Budget	63,654,210	70,700,109
Less: Tangible Capital Assets Capitalized	-	(24,985,220)
Adjusted Budget per Consolidated Statement of Operations	63,654,210	45,714,889

3. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Unrestricted cash, held at the bank and petty cash	27,770,999	20,764,485
Restricted cash, held at the bank	69,385,063	65,643,560
Total cash and cash equivalents	97,156,062	86,408,045

Restricted cash is comprised of deposits, deferred revenues, obligatory reserves funds and the library fundraising reserve fund.

Included in cash and cash equivalents are short term investments comprised of the following:

	2018	2017
	\$	\$
Guaranteed Investment Certificates, interest rate between 2.33% and 2.34%, maturing by February 28 and March 4, 2019	46,433,929	45,540,649

Short term investments market value is \$46,521,601 (2017 - \$45,649,605)

4. 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 2018.

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 6 months remuneration. Severance cost obligations for elected officials are recognized in the period in which the elected official rendered the services.

	2018	2017
	\$	\$
Vacation Pay and "banked" overtime	466,278	453,436
Council Severance	107,289	102,324
Accrued post retirement non-pension benefits	428,489	398,638
Payroll for performance program	32,211	26,641
Total employee future benefits payable	<u>1,034,267</u>	<u>981,039</u>

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 2018 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, 2018, 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.

**4. EMPLOYEE AND ELECTED OFFICIAL FUTURE SALARIES AND BENEFITS
PAYABLE (continued)**

General Inflation

Future general inflation levels were assumed to increase at 1.75% (2017 – 2.0%) per year.

Interest (discount) rate

The present value of the post employment benefit liability was determined using a discount rate of 4.00 % (2017 – 4.75%).

Health costs

Health costs were assumed to increase at an average increase of 6.75% for 2018 reducing by 0.333% per year to reach 3.75% per year starting in 2020 (2017 – 4.0%).

Dental costs

Dental costs were assumed to increase at an average increase of 3.75% (2017 – 4.0%) per year.

5. DEPOSITS AND DEFERRED REVENUE

The Town has total deposits and deferred revenues of \$29,487,727 (2017 – \$31,282,890). Deferred revenue represents \$26,148,237 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:

	Beginning Balance	Inflow	Outflow	Ending Balance
	\$	\$	\$	\$
Total Deferred Revenue	27,482,310	2,349,351	(3,683,424)	26,148,237

6. OBLIGATORY RESERVE FUNDS

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

	2018	2017
	\$	\$
Development Charges, opening balance	32,905,947	17,741,650
Add: Developer contributions	10,212,662	20,041,158
Add: Interest earned	780,670	381,463
Deduct: Amounts used for eligible capital projects	(3,139,012)	(1,129,390)
Deduct: Credit issued	(2,857,006)	(4,128,934)
Development charges, ending balance	37,903,261	32,905,947
Parkland, opening balance	45,121	120,686
Add: Developer contributions	145,000	-
Add: Interest earned	2,223	1,249
Deduct: Amounts used for eligible capital projects	(35,836)	(76,814)
Parkland, ending balance	156,508	45,121
Federal Gas Tax, opening balance	1,239,569	791,211
Add: Allocation received	715,787	714,596
Add: Interest earned	24,309	10,666
Deduct: Amounts used for eligible capital projects	(421,526)	(276,904)
Federal Gas Tax, ending balance	1,558,139	1,239,569
Ontario Municipal Partnership Fund, opening balance	115,248	-
Add: Allocation received	301,490	211,381
Add: Interest earned	3,046	599
Deduct: Amounts used for eligible capital projects	(226,765)	(96,732)
Ontario Municipal Partnership Fund, ending balance	193,019	115,248
Main Street Revitalization Fund, opening balance	-	-
Add: Allocation received	58,869	-
Add: Interest earned	124	-
Deduct: Amounts used for eligible capital projects	(44,745)	-
Main Street Revitalization Fund, ending balance	14,248	-
Total obligatory reserve funds	39,825,175	34,305,885

7. OBLIGATION UNDER TANGIBLE CAPITAL LEASE

	2018	2017
	\$	\$
Obligation under tangible capital lease for machinery and equipment, monthly payments of \$8,259 with interest at the rate of 4.89%, maturing July 2019.	49,725	145,591

Interest expense for the year related to this tangible capital lease is \$4,900 (2017 - \$9,385).

Future minimum lease payments under this tangible capital lease for subsequent years are as follows:

	\$
2019	57,813
Less: Imputed interest	(8,088)
	49,725

8. NET TAXATION CHARGES

Net taxation charges consist of the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Total taxes levied by the Town	\$60,138,146	\$51,921,825
Less:		
Taxes levied on behalf of the Region of York	\$23,610,480	\$20,192,859
Taxes levied on behalf of the School boards	\$14,991,135	\$13,463,488
Total net taxation charges	\$21,536,531	\$18,265,478

9. GOVERNMENT TRANSFERS

Government transfers include monetary transfers based on cost-sharing agreements between the three levels of government. Some funds are transferred when the Town provides evidence that the qualifying expenditures have been incurred. The Town also receives government transfers once certain criteria have been met or with the stipulation that the funds are used for specific programs or expenses (entitlements with stipulations). Any transfers received where the transfer stipulations have not been met by year-end are recorded as deferred revenue (see *note 5 and note 6*). Grants are also received to support specific program areas such as recreation programs, etc.

The following kinds of transfers were included in revenue:

	2018	2017
	\$	\$
Total Grants with Stipulations	1,593,811	919,069
Total Other Grants	236,159	235,769
Total Government Transfers	1,829,970	1,154,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)
AS AT DECEMBER 31, 2018

10. TANGIBLE CAPITAL ASSETS

Cost	Balance as at December 31			Balance as at December 31
	2017 \$	Additions \$	Disposals \$	2018 \$
Transportation infrastructure	54,272,921	1,883,845	(230,838)	55,925,928
Environmental infrastructure	83,690,065	4,646,786	(7,059)	88,329,792
Facilities	24,391,120	97,055	-	24,488,175
Vehicles	7,686,261	446,328	(269,303)	7,863,286
Machinery and equipment	6,350,153	797,505	(113,388)	7,034,270
Land improvements	12,716,654	445,451	-	13,162,105
Land	55,089,055	10,796,295	-	65,885,350
	244,196,229	19,113,265	(620,588)	262,688,906
Capital work in progress	1,854,144	4,437,349	(919,165)	5,372,328
	246,050,373	23,550,614	(1,539,753)	268,061,234
Accumulated amortization	Balance as at December 31			Balance as at December 31
	2017 \$	Additions \$	Disposals \$	2018 \$
Transportation infrastructure	30,304,455	2,388,950	(230,846)	32,462,559
Environmental infrastructure	40,010,322	2,580,700	(2,007)	42,589,015
Facilities	10,045,648	712,935	-	10,758,583
Vehicles	3,503,794	630,298	(269,305)	3,864,787
Machinery and equipment	3,276,782	840,993	(113,386)	4,004,389
Land improvements	5,301,124	504,613	-	5,805,737
	92,442,125	7,658,489	(615,544)	99,485,070
Net book value	Net book value December 31		Net book value December 31	
	2017 \$		2018 \$	
Transportation infrastructure	23,968,466		23,463,369	
Environmental infrastructure	43,679,743		45,740,777	
Facilities	14,345,472		13,729,592	
Vehicles	4,182,467		3,998,499	
Machinery and equipment	3,073,371		3,029,881	
Land improvements	7,415,530		7,356,368	
Land	55,089,055		65,885,350	
	151,754,104		163,203,835	
Capital work in progress	1,854,144		5,372,328	
	153,608,248		168,576,164	

10. TANGIBLE CAPITAL ASSETS (continued)

a) Assets under construction

Assets under construction and other capital work in progress having a value of \$5,372,328 (2017 - \$1,854,144) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Assets under tangible capital lease

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Machinery and equipment	442,022	198,910	442,022	154,708
		243,112		287,314

11. CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$6,453,448 (2017 - \$4,677,512). These contracts relate to the construction and expansion of certain permanent facilities that will be constructed in 2019 or later periods. As at December 31, 2018 \$3,340,965 (2017 - \$3,276,501) relating to these contracts had not been expended.

12. COMMITMENTS

The Town has entered into agreements to lease office equipment for various periods until 2020 with minimum lease payments of \$66,299.

13. PENSION PLAN

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a defined benefit plan, which specifies that amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. OMERS provides pension services to more than 461,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$95.9 billion indicating an actuarial deficit of \$4.2 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2018 were \$1,258,486 (2017 - \$1,164,776).

14. CONTINGENCIES

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

15. INSURANCE COVERAGE

Effective January 1, 2012, the Town retained the services of BFL Canada Risk and Insurance Services Inc. to provide insurance and risk management services. The current policy provides a \$10,000 deductible limit per incident.

16. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2018	2017
	\$	\$
Reserves		
Working Capital/Tax Stabilization	3,034,359	3,078,203
Planning Act	702,467	1,130,217
Engineering Fees	3,086,391	3,890,148
Parks Development Fees	(66,294)	189,325
Building Code Enforcement	10,299,418	9,263,099
Election	5,771	79,828
Emergency Services	882,891	472,359
Insurance	250,704	225,820
Real Estate Legal and Administration	662,931	648,473
Winter Maintenance	151,440	89,446
Farmers Market	11,673	11,607
General Capital	2,938,569	1,723,677
Public Works Roads	146,009	142,825
Parks Structures	341,827	351,112
Information Technology	809,214	454,410
Vehicle and Equipment Replacement – Tax Levy	2,704,215	2,267,161
Buildings	3,506,814	1,806,597
Library Asset Replacement	164,479	148,011
Fill and Site Alteration	(34,550)	(7,084)
Water and Sewer Rate Stabilization	575,838	563,279
Vehicle and Equipment Replacement – Water and Sewer	107,827	143,836
Infrastructure – Water and Sewer	11,580,774	8,681,777
Unexpended Capital	630,190	703,037
Library Special	147,667	84,180
Community Capital Contribution		
- Environment & Watershed Enhancement	451,052	388,616
- Ineligible Due to Level of Service	1,724,597	1,609,182
- 10% Mandatory Development Credit Reduction	2,567,405	2,137,792
- Parkland Acquisition	2,366,338	2,068,103
- Administration Facilities	2,915,220	2,856,394
- Art and Culture Heritage	1,126,338	971,487
- Economic Development Initiatives an Servicing	814,298	674,927
Subtotal	54,605,872	46,847,844
Supplementary Taxes (unbilled)	449,914	348,376
Total Reserves	55,055,786	47,196,220
Front Ended Capital Projects to be recovered by development charges	(22,022,278)	(23,738,650)
Investment in tangible capital assets	168,576,164	153,608,248
Total Accumulated Surplus	201,609,672	177,065,818

17. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform with current financial statement presentation.

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, street lights, trees, traffic control devices and the school crossing guard program.

(d) Environmental services

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

18. SEGMENTED INFORMATION (continued)

(e) Recreation and cultural services

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.

(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.

(g) Library

The Library provides leisure, information and cultural services to the public.

(h) Elimination

Eliminating entries are necessary for consolidation purposes to eliminate transactions which are recorded by both the Library and the Town. Eliminating entries are equal reductions of revenues and expenses which do not change the annual surplus of the consolidated entity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)
AS AT DECEMBER 31, 2018

18. SEGMENTED INFORMATION (continued)

	2018	2017	2018	2017
	\$	\$	\$	\$
	CONSOLIDATED		GENERAL GOVERNMENT	
Expenses				
Salaries and wages	19,893,772	17,953,048	2,362,099	2,030,193
Materials	3,576,874	4,944,169	703,495	1,323,409
Contracted services	12,237,962	13,367,252	2,913,373	5,852,313
Amortization	7,658,489	6,053,080	471,332	455,090
	43,367,097	42,317,549	6,450,299	9,661,005
Revenues				
Net taxation charges	(21,536,531)	(18,265,478)	(21,536,531)	(18,265,478)
User charges	(17,216,239)	(22,535,973)	(351,486)	(868,887)
Charges to developers	(8,372,166)	(5,838,784)	(6,921,543)	(4,491,679)
Grants	(1,829,970)	(1,154,838)	(141,343)	(188,542)
Penalties on taxes	(509,610)	(424,757)	(509,610)	(424,757)
Investment income	(1,013,476)	(507,953)	(1,013,476)	(507,953)
Contributed assets	(16,231,470)	(7,461,501)	(16,231,470)	(7,461,501)
Other	(1,154,131)	(1,255,516)	(75,588)	(89,732)
	(67,863,593)	(57,444,800)	(46,781,047)	(32,298,529)

	2018	2017	2018	2017
	\$	\$	\$	\$
	PROTECTION		TRANSPORTATION	
Expenses				
Salaries and wages	5,971,550	5,363,817	3,487,048	2,870,769
Materials	381,618	315,517	1,048,470	1,254,841
Contracted services	609,963	601,419	1,360,988	1,347,520
Amortization	698,825	703,851	2,672,706	1,980,675
	7,661,956	6,984,604	8,569,212	7,453,805
Revenues				
User charges	(3,369,318)	(5,754,809)	(487,610)	(3,360,871)
Charges to developers	(36,073)	(37,884)	(287,141)	(75,857)
Grants	(20,334)	-	(772,000)	(381,845)
Other	(198,838)	(447,989)	(665,172)	(472,196)
	(3,624,563)	(6,240,682)	(2,211,923)	(4,290,769)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)
AS AT DECEMBER 31, 2018

18. SEGMENTED INFORMATION (continued)

	2018 \$	2017 \$	2018 \$	2017 \$
	ENVIRONMENT		RECREATION	
Expenses				
Salaries and wages	2,336,644	2,011,616	3,197,042	3,327,339
Materials	331,020	943,505	2,480,353	2,439,176
Contracted services	6,109,095	3,913,575	968,673	966,145
Amortization	2,641,209	1,745,471	931,640	952,188
	11,417,968	8,614,167	7,577,708	7,684,848
Revenues				
User charges	(11,114,004)	(9,060,101)	(1,349,348)	(1,814,702)
Charges to developers	(144,934)	(60,096)	(733,367)	(517,175)
Grants	(682,371)	(296,784)	(108,805)	(220,658)
Other	(46,278)	(89,274)	(141,077)	(135,458)
	(11,987,587)	(9,506,255)	(2,332,597)	(2,687,993)

	2018 \$	2017 \$	2018 \$	2017 \$
	PLANNING		LIBRARY	
Expenses				
Salaries and wages	1,301,923	1,171,932	1,237,466	1,177,382
Materials	16,223	20,342	255,905	260,612
Contracted services	256,572	667,496	19,298	18,784
Amortization	-	-	242,777	215,805
	1,574,718	1,859,770	1,755,446	1,672,583
Revenues				
User charges	(523,008)	(1,656,149)	(21,465)	(20,454)
Charges to developers	(249,108)	(656,093)	-	-
Grants	(7,169)	(4,845)	(1,738,158)	(1,675,397)
Other	-	-	(27,178)	(20,867)
	(779,285)	(2,317,087)	(1,786,801)	(1,716,718)

	ELIMINATION	
Expenses		
Materials	(1,640,210)	(1,613,233)
	(1,640,210)	(1,613,233)
Revenues		
Grants	1,640,210	1,613,233
	1,640,210	1,613,233

STATISTICAL DATA

FIVE YEAR FINANCIAL STATISTICS

CONSOLIDATED FINANCIAL ACTIVITIES

REVENUE	2018	2017	2016	2015	2014
Net taxation charges	21,536,531	18,265,478	16,308,132	15,311,160	14,478,385
User charges	17,216,239	22,535,973	22,483,356	11,479,353	10,913,112
Charges to developers	8,372,166	5,838,784	15,900,174	2,227,534	6,141,318
Grants/Government Transfers	1,829,970	1,154,838	994,505	1,266,808	1,411,062
Penalties on taxes	509,610	424,757	443,302	473,347	515,709
Investment income	1,013,476	507,953	216,581	190,985	229,807
Other Revenue	1,154,131	1,255,516	2,906,156	988,044	1,099,932
Contributed tangible capital assets	16,231,470	7,461,501	12,718,370	-	-
	67,863,593	57,444,800	71,970,576	31,937,231	34,789,325

NET TAXATION CHARGES

Total Taxes levied by Town	60,138,146	51,921,825	47,156,577	45,591,111	43,675,653
Less: Taxes Levied on behalf of York Region	23,610,480	20,192,859	18,364,983	17,920,943	17,299,405
Less: Taxes Levied on behalf of School Boards	14,991,135	13,463,488	12,483,442	12,359,008	11,897,863
Total net taxation charges	21,536,531	18,265,478	16,308,152	15,311,160	14,478,385

EXPENDITURES BY FUNCTION

General government	6,450,299	9,661,005	22,634,506	3,660,165	4,727,990
Protection to persons and property	7,661,956	6,984,604	5,979,073	4,747,475	4,537,187
Transportation services	8,569,212	7,453,805	7,437,963	6,683,671	5,727,042
Environmental services	11,417,968	8,614,167	7,936,507	7,510,891	6,978,304
Recreation and cultural services	7,692,944	7,744,198	7,476,537	6,882,894	6,632,156
Planning and development	1,574,718	1,859,770	1,539,931	1,399,675	1,516,283
	43,367,097	42,317,549	53,004,517	30,884,771	30,118,962

EXPENDITURES BY OBJECT

Salaries and wages	19,893,772	17,953,048	16,967,444	15,199,488	13,761,596
Materials	3,576,874	4,944,169	5,570,476	2,418,438	3,378,665
Contracted Services	12,237,962	13,367,252	24,611,979	7,737,901	7,684,232
Amortization	7,658,489	6,053,080	5,854,618	5,528,944	5,294,469
	43,367,097	42,317,549	53,004,517	30,884,771	30,118,962

Gain/(Loss) on sale of tangible capital assets	47,357	(553,032)	(40,994)	(40,225)	1,375,590
--	--------	-----------	----------	----------	-----------

Annual Surplus	24,543,853	14,574,218	18,925,065	1,012,235	6,045,953
-----------------------	-------------------	-------------------	-------------------	------------------	------------------

Accumulated Surplus

Reserves	42,640,624	36,141,343	24,450,467	12,055,252	11,035,785
Community Capital Contribution	11,965,248	10,706,501	7,626,416	3,487,903	3,134,580
Supplementary Taxes (unbilled) included in General Capital	449,914	348,376	118,350		
Total Reserves	55,055,786	47,196,220	32,195,233	15,543,155	14,170,365
Front Ended Capital Projects to be recovered by development Charges	(22,022,278)	(23,738,650)	(19,238,646)	(3,375,224)	(3,458,041)
Investment in tangible capital assets	168,576,164	153,608,248	149,535,012	131,398,603	131,841,975
Accumulated Surplus	201,609,672	177,065,818	162,491,599	143,566,534	142,554,299

ACQUISITION OF TANGIBLE CAPITAL ASSETS	23,550,619	11,838,137	27,797,787	9,209,216	11,165,310
---	-------------------	-------------------	-------------------	------------------	-------------------

FIVE YEAR MISCELLANEOUS STATISTICS

MISCELLANEOUS INFORMATION	2018	2017	2016	2015	2014
GENERAL GOVERNMENT⁽¹⁾					
Full Time Equivalent Employees	146	143	132	122.5	103
DEMOGRAPHICS⁽²⁾					
Population	31,700	26,600	25,200	24,600	24,300
Population Density per sq. km.	130	109	103	101	100
Average Household Income	135,968	128,256	124,298	121,214	120,786

(1) as per the Annual Budget

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



Town of
East Gwillimbury

Information on the Town of East Gwillimbury is available at:

www.eastgwillimbury.ca

Direct any inquiries regarding this document to:

Town of East Gwillimbury

Corporate Services Department, Finance Branch

19000 Leslie St.

Sharon, Ontario

L0G 1V0

905-478-4282

