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TOWN OF EAST GWILLIMBURY

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2020**

PREPARED BY: FINANCE DEPARTMENT

19000 Leslie Street, Sharon, Ontario Canada L0G 1V0
Telephone: (905) 478-4282
www.eastgwillimbury.ca

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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 with villages, farmland and equestrian centres throughout. The Town is also experiencing urban growth and development along with local amenities, parks, businesses and services. The Town is striving to balance heritage, green space and urban growth in a way that protects our environment and provides for quality spaces, jobs and communities.

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 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.



CANFR PAST AWARDS



Government Finance Officers Association

**Canadian Award
for
Financial Reporting**

Presented to

**Town of East Gwillimbury
Ontario**

For its Annual
Financial Report
for the Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO



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GOVERNANCE

MAYOR AND COUNCIL

The Municipal Council is comprised of the Mayor and two Councillors per ward, with the Mayor also representing the Town at the regional level of government.

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



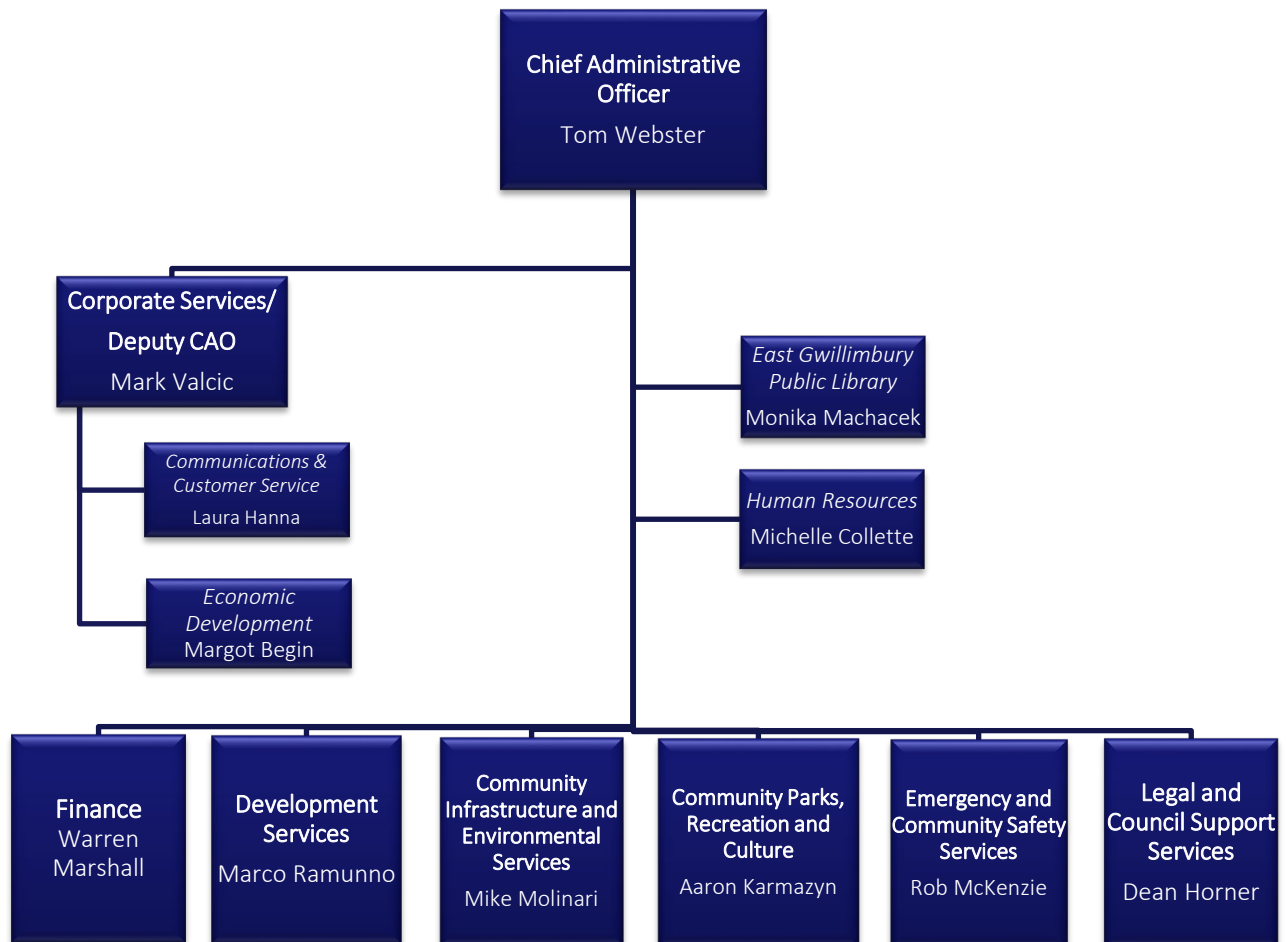
Mayor and Council

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

On behalf of East Gwillimbury Council, I am pleased to share with you the Town's 2020 Year End Financial Report.

2020 was an unprecedented year, as we turned our focus towards addressing the impacts of COVID-19 on residents and businesses and pivoted our operations to deliver services to the public throughout the pandemic.

Through this pandemic, the Town of East Gwillimbury remained committed to ensuring that the Town continued to provide essential programs and services to residents in a fiscally responsible manner.

Using this approach as a guide, the Town ended the year in a positive fiscal position, and passed a zero per cent Town tax levy increase for 2021. Council requested this zero per cent tax levy as an interim approach to help to alleviate pressure on residents and businesses and provide relief during the continued pandemic.

I am pleased to share this document with you, which showcases the hard work of our dedicated staff team.

Best Wishes,

Mayor Virginia Hackson



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICE



Tom Webster,
Chief Administrative Officer



Mark Valcic,
Deputy CAO

The Town of East Gwillimbury is committed to providing high quality programs and services for residents.

With the COVID-19 pandemic, we shifted our service delivery model with a particular focus on delivering community and recreation programs virtually and adapting services so that we could continue to deliver services with no impact to the budget.

Through innovation, investments in modernization and partnerships with a variety of stakeholders, residents of EG continue to pay the lowest relative taxes in York Region and the Town has no municipal debt.

Despite the pressures this pandemic created, the Town prioritized essential services for residents and businesses, and the continued development of many of our capital programs and services. The Town also completed many key capital projects in 2020 including the construction of the Town's new Operations Centre, 10 new parks and trails, the development of a new Town website and a strong commitment to modernization with enhanced systems to deliver quality programs and services to our residents.

As we recover from the COVID-19 pandemic the Town will continue to prioritize municipal best practices with a focus on continuing to build a community that can afford to operate without placing a burden on our residents through high tax levies.



MESSAGE FROM THE TREASURER



Warren Marshall
Treasurer

August 31, 2021

The Town of East Gwillimbury is proud to present its Annual Financial Report, which details the Town's financial performance and highlights key accomplishments through 2020. 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 positive 2020 financial results reflect how the Town has responded to the impacts of the pandemic. This response included redeploying staff, developing and delivering online programming and adjusting part-time and seasonal staff requirements to reflect program demands. Relief programs were provided to ease the financial burden of the pandemic on many residents and businesses.

We identified opportunities to fast-track modernization projects including the website development and online tax and water account inquiry through a self-serve portal. Most staff transitioned immediately to a remote work environment, including the preparation and execution of the annual financial audit. The financial impacts of the pandemic were successfully mitigated, quality service levels were maintained for residents and businesses and we have positioned ourselves to continue to provide cost effective services in 2021.

As we look forward, our financial priorities continue to focus on managing costs of growth and provide services to residents in a cost-efficient manner. We will continue to promote a culture of municipal excellence by leveraging the Town's modernization program to enhance resident access to information, provide convenient payment options to residents and increase the use of technology to drive operational efficiencies. The Town is excited to build on this solid financial foundation in the years to come.

FINANCIAL DISCUSSION AND ANALYSIS

The accompanying financial statements are prepared in accordance with the Canadian public sector accounting standards published by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The Financial Report is published to provide the Town's Council, staff, residents and other readers with detailed information concerning the financial position and activities of the Corporation of the Town of East Gwillimbury (the "Town") for the fiscal year ended December 31, 2020.

There are four required financial statements:

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

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

TOWN OF EAST GWILLIMBURY MANDATE

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

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures 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 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 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, 2020. 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.

The onset of COVID-19 required many updates to the control in place at the Town. An initial update to the procedural bylaw allowed Council to resume meetings virtually. The bylaw update provided clarity on participation rules and determining quorum to allow the municipality to continue with their responsibilities in a safe manner. Additional controls were implemented related to digital approvals for procurement and the payment of goods and services. Human resource policies were established for staff to work remotely during the COVID-19 lockdowns. A COVID-19 control group was formed in early March of 2020 and continued to meet weekly throughout the year to respond to the changing situation and manage the pandemic response.

The Building Services Branch strives to provide a cost effective and efficient service in its administration and enforcement of the Building Code Act and the Ontario Building Code. In 2020, as a response to the pandemic restrictions, submission of development applications was converted to a digital submission process. The new method of submission made it easier for residents and businesses to move forward with plans and allowed the construction industry to thrive amidst the pandemic in East Gwillimbury.

As the Town continues to experience growth, it is important to ensure that development-related activities are funded by appropriate financial tools. One of the key tools used by the Town is the imposition of development related fees. These fees, which are included in the Town's consolidated Fees and Charges By-law (2015-078), were last updated in 2015. Throughout the year, a comprehensive review was undertaken to examine the activities funded by these reserves and anticipated future expenditures. A detailed development and revenue forecast was assembled to undertake reserve fund analysis and identify the rate adjustments required. Rate increases for the Development Engineering Fee, Parks Development Fee, and the Fill Fee were recommended and were brought forward for stakeholder consultation and council consideration. A new fee structure will be implemented in 2021 and will help ensure the stability of the development related programs now and into the future.

During 2020 it was identified that there was a need to temporarily restrict the development of cannabis production facilities Town-wide, with certain zoning exemptions. Staff needed to fully evaluate the implications of cannabis production facilities in East Gwillimbury and in turn develop the appropriate land use planning policies and regulations for their location and use. An interim bylaw was developed to clearly define cannabis production facilities and limit their locations to specific areas. The timing of the bylaw also allowed staff the opportunity to investigate instances where Medical Marijuana Production is occurring at a site where such use is not permitted, or where construction/site alteration work has commenced without required permits as well as take the necessary enforcement measures where appropriate.

SIGNIFICANT ACTIVITIES AFFECTING 2020 FINANCIAL STATEMENTS

COVID-19

The financial impacts of COVID-19 on the Town in 2020 totalled approximately \$2.3 million. The most significant impact was the loss of revenues due to the cancellation of summer camps and programs. Other impacts included lost revenues from waiving interest on overdue tax and water bills, additional technology costs to enable staff to work remotely and increased health and safety costs (e.g., cleaning, protective equipment). As well, the budgeted costs of staff redeployed to focus on the Town's response to COVID-19 issues have been included.

These financial impacts were offset through redeploying full time staff and avoiding the use of part time and program staff where appropriate, as well as identifying various program cost savings. This resulted in a net zero financial impact to the Town in 2020.

The Town received \$942,300 from the federal and provincial governments in 2020 as part of the Safe Restart Program. This funding was received to mitigate COVID-19 costs incurred by the Town. This funding was allocated to specific COVID-19 recovery initiatives and is expected to be utilized in 2021.



CONSTRUCTION OF THE OPERATIONS CENTRE

The new Operations Centre at 19850 Woodbine Avenue received substantial completion March 17, 2021 and the main construction phase occurred throughout 2020. The facility will support critical Town infrastructure and core services including roads, fleet, water and wastewater, parks, facilities and emergency services training and emergency operations. This facility will support over 120 full-time and seasonal staff throughout the year with capacity for future growth. The 58,000 square foot facility was designed with efficiency and environmental leadership as guiding principles. Some are highlighted below:

Efficiency by Design

- ✓ Drive through salt and sand structure increases efficiency for loading
- ✓ Dedicated and organized storage bays, garbage and recycling and outdoor storage for materials, vehicles and equipment
- ✓ Backup generator system
- ✓ Driver training area for all operational departments including Fire and Emergency Services
- ✓ Modern training space with integrated technology
- ✓ Planned and modern Emergency Operations Centre (EOC) with integrated technology. EOC is centrally located to operational services to support incidents.
- ✓ Dedicated staff entryway and heavy equipment and vehicle access route and dedicated visitor access route

Environmental Leadership by Design

- ✓ Environmentally friendly white roof technology reducing the heat island effect
- ✓ Low impact development environmentally friendly storm water management systems, including rainwater harvesting of the entire operations centre site from the 58,000 square foot flat roof space
- ✓ Greenhouse and tree farm for growing local species and reducing costs for parks tree and arboricultural products
- ✓ Intelligent Building Automated Controls
- ✓ EV charge stations, bicycle storage and carpool parking
- ✓ Use of natural and sustainable materials for exterior cladding including zinc metal siding and wood and natural stone.



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 2020, the Town assumed the roads and infrastructure associated with the various developments throughout the communities of Sharon and Queensville. The total value of these assets is \$26.7M.



DEVELOPER FUNDED CAPITAL PROJECTS

Many of the growth-related capital servicing needs arising from new development in the Town of East Gwillimbury are either constructed by developers on the Town's behalf, or funded from development charges. The growth-related capital program has been increasing substantially in recent years. Key projects funded by development charges in 2020 include park and trail redevelopment projects such as Ridgeview Park and the paving of the Nokiidaa Trail Head parking lot. The initiation of these projects has a significant impact on the 2020 financial statements as indicated by the increase in both expenditures and developer funding revenue.

2020 FINANCIAL HIGHLIGHTS

REVENUE

Overall revenue increased from 2019 by \$39.5 million due to a variety of conditions. The majority of the increase is related to assumed assets in Transportation and Environmental Services totalling approximately 26.7 million. An increase in development charges of \$8 million was used to fund capital projects. These included the new operations centre (\$6M), the design of the Health and Active Living Plaza (\$400K) and sports field lighting at Anchor Park (\$379K). An increase of tax revenue \$2.6 million is due to assessment growth on the tax roll. User charges grew by \$2.2 million relating to increases in building permit revenue (\$1.7M) and water and wastewater billing (\$1.2M). All these increases are indicative of the level of growth being experienced throughout the Town.

EXPENDITURES

Overall expenditures increased over the previous year by \$4.7 million. The majority of the increase (\$3.3M) is also related to the assumed assets and the related amortization adjustment. Capital project expenditures increased by \$648,000 in the road rehabilitation program as well as a joint project with York Region to widen Woodbine Avenue in front of the operations centre. The balance of the increase (\$782K) is related to a front ended project for Murrell Boulevard that reached completion in 2020.



LOOKING FORWARD

COVID-19 RECOVERY

Pandemic crisis response began with adapting and pivoting to changing circumstances and public health requirements and restrictions. Updated processes and modernized procedures accommodating new restrictions, created new methods of providing services to Town residents and businesses. The Town utilized industry best practices and engaged the services of an experienced third-party service provider to develop a report that analyzed the pandemic response and provide recommendations to further enhance East Gwillimbury's capabilities for anticipated future COVID-19 waves as well as any new pandemic related emergencies.

Many of the Town's programs and services were moved to a virtual program environment. When in-person events were restricted, the Town's recreation team pivoted to create virtual events by pre-recording concerts and fireworks demonstrations for residents to enjoy online from the safety of their own homes. Fitness classes and challenges were offered to help entertain residents while under lockdown restrictions.

In preparing for post-COVID-19 operations, staff initiated a Build Back Better initiative to leverage the learning and technological advancements that were realized during the pandemic. The Build Back Better report and recommendations will lay the foundation for the Town to effectively meet the challenges and opportunities of a post-pandemic work environment while continuing to enhance service delivery. It considers diverse inputs including regional analyses, emerging best practices, and feedback from Members of Council, staff, and residents. The Build Back Better plan offers a longer-term vision for enhanced service delivery through tactics that may include, but are not limited to expanded service hours, new service delivery options, flexible work arrangements, and technology enhancements.



PLANNING FOR GROWTH

The Health and Active Living Plaza is proposed to be an 80,000 square foot facility and an 8 acre park. Design and site planning took place in 2020 to facilitate the target construction dates between 2022 to 2025. This new facility will accommodate the growth within the community and provide recreational and aquatics space for residents. The facility will also house a new library branch, and is intended to collaborate with various community groups and partners to provide events and enhanced programming. A multi-year funding strategy was created and continues to be updated each year as part of the planning for this facility. This strategy not only will assist in funding the construction of the facility, but will also provide for future operating costs of managing the space.

The Economic Development branch of Corporate Services maintains a focus on business attraction and retention throughout the Town. In 2020 a target industry snapshot was completed to assess the business growth opportunities for the Town of East Gwillimbury. This analysis of industry data resulted in recommendations to help focus efforts to specific industries of potential relevance to East Gwillimbury. The impact of the COVID-19 pandemic on industries, and the fallout on specific sectors was factored into the analysis.

The Official Plan Update was initiated in 2020. This update includes thorough consultation with the public and stakeholders, resulting in appropriate and effective policy development. The appropriate phasing of new development to accommodate anticipated population growth of over 135,000 residents and 75,000 jobs by 2051 will be accommodated within the plan. The plan update also updates schedules and enhanced the readability of the plan. It ensures responsible planning for existing community areas as well as areas for new community development. This plan ensures conformity with the Town's updated Master Plans to ensure comprehensive, cost-effective and coordinated infrastructure planning for future growth.

The Town of East Gwillimbury adopts a 'growth pays for growth' philosophy, where the costs to service growth are borne by the development creating the demand for services. The revenue generated from development-related fees funds the costs of executing planning agreements and ensuring that the infrastructure in new communities is delivered to Town standards. This includes drawings reviews, inspections, ongoing project management and administrative time. It is important for Town staff to regularly review its fees and charges to ensure that they are sufficient to fund related expenditures and maintain the longer term sustainability of the reserves. Based on the forecasted level of development and anticipated new applications, an

updated fee structure will generate an equitable amount of annual revenue to facilitate the expected levels of growth.

The Water and Wastewater Financial Plan, as required under the Safe Drinking Water Act (SDWA) was completed in 2020. This Financial Plan is a prerequisite to the renewal of the Town's Municipal Drinking Water Licenses. While only the water component is required for the renewal, a wastewater component is recommended and included for Council's review. The report is also intended to seek Council endorsement in principle of the proposed water and wastewater rates for the forecast period of 2021 to 2030. The rate study forecasts user rates that allow for the full cost recovery of water and wastewater operations. Full cost recovery provides sufficient funding for the day to day operation of the water and wastewater systems. It also includes setting aside enough funding for the maintenance and eventual replacement of water and wastewater infrastructure. These rates would be used to develop the associated financial plans. The ultimate goal is to hold in reserves an amount equal to the replacement value of the assets at the end of their useful lives. It may not be necessary to have the full replacement value by 2030, as much of the Town's infrastructure is relatively new and will not require full replacement within this forecast period. A common best practice is to target to hold in reserve an amount equivalent to the estimated value of assets that have been used, also referred to as the accumulated amortized value. The current total accumulated amortization value of the Town's water and wastewater assets is \$29.3 million, which is expected to reach \$51.8 million by 2030.



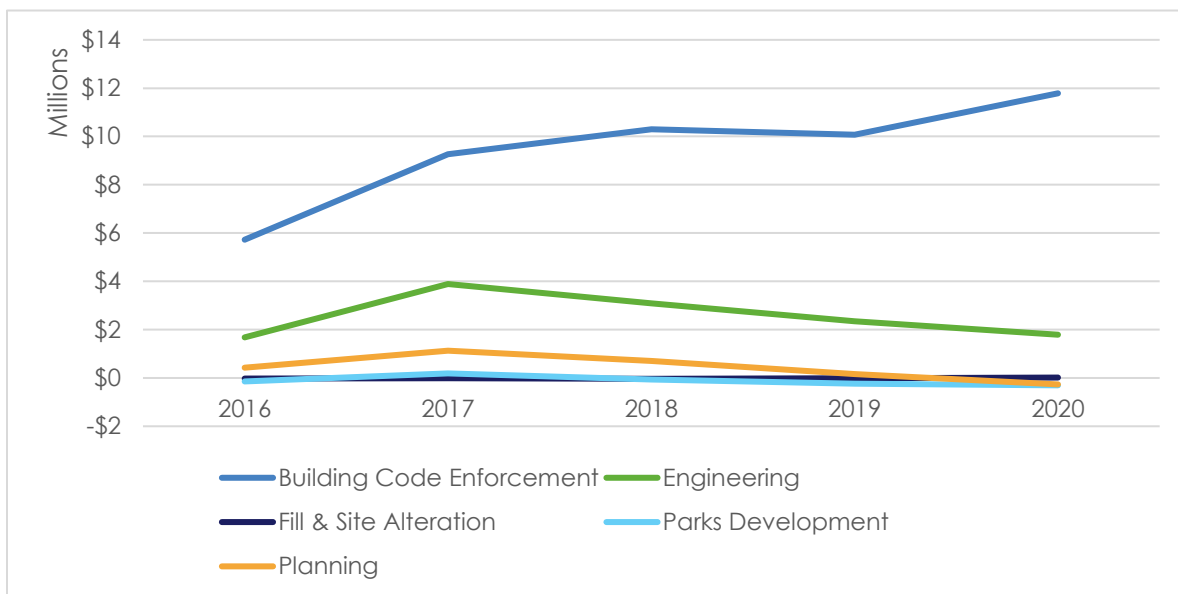
LONG TERM RESERVE STRATEGY PLANNING TO SUPPORT FUTURE GROWTH

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.

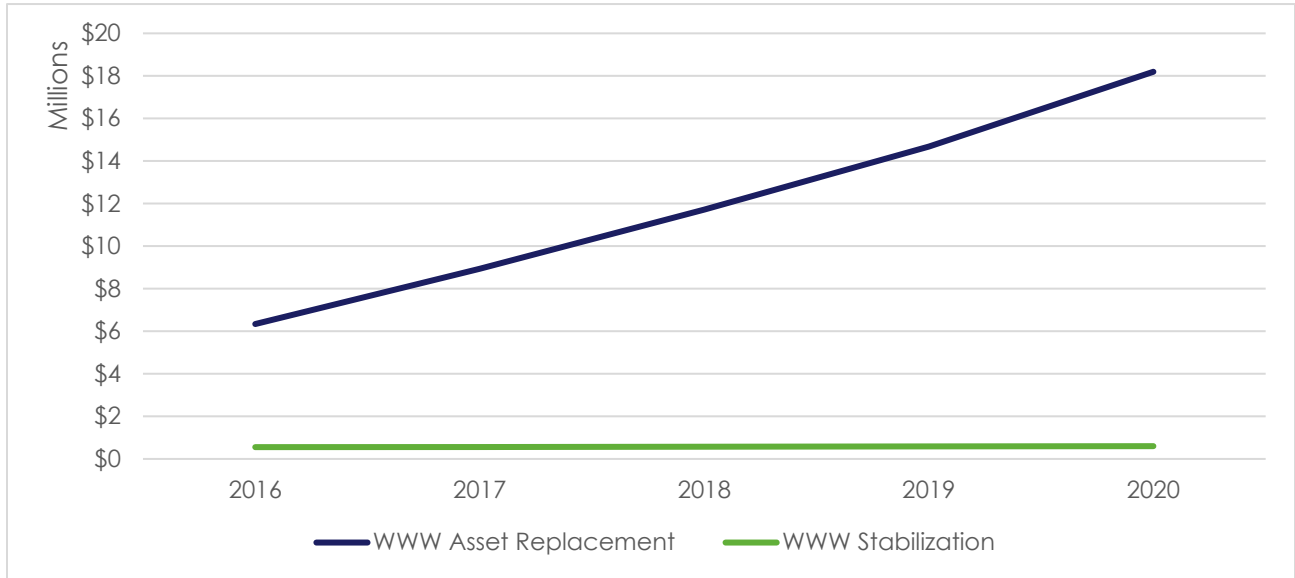
OPERATING RESERVES



FEE SUPPORTED RESERVES



WATER AND WASTEWATER RESERVES





Town of
East Gwillimbury

Consolidated Financial Statements

December 31, 2020

Our Town, Our Future

INDEPENDENT AUDITOR REPORT



Tel: 905 898 1221
Fax: 905 898 0028
Toll-free: 866 275 8836
www.bdo.ca

BDO Canada LLP
The Gates of York Plaza
17310 Yonge Street Unit 11
Newmarket ON L3Y 7R9

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, 2020, and the consolidated statements of operations and accumulated surplus, cash flows 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 consolidated financial position of the Town as at December 31, 2020, and its consolidated results of operations, consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

INDEPENDENT AUDITOR REPORT

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

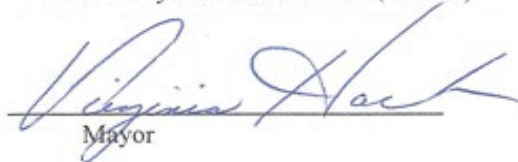
Newmarket, Ontario
July 28, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>(note 3)</i>	78,200,849	104,739,382
Short term investments <i>(note 4)</i>	50,000,000	-
Taxes receivable	6,442,140	5,895,772
User charges receivable	2,800,766	3,340,431
Accounts receivable	3,886,408	2,407,172
	141,330,163	116,382,757
LIABILITIES		
Accounts payable and accrued liabilities	21,062,573	7,037,785
Employee and elected official future salaries and benefits payable <i>(note 5)</i>	1,490,995	1,040,969
Deposits and deferred revenue <i>(note 6)</i>	10,510,399	9,577,151
Obligatory reserve funds <i>(note 7)</i>	37,264,442	39,357,186
	70,328,409	57,013,091
Net financial assets	71,001,754	59,369,666
NON FINANCIAL ASSETS		
Prepays	188,302	371,159
Tangible capital asset <i>(note 10)</i>	208,675,968	174,007,493
	208,864,270	174,378,652
ACCUMULATED SURPLUS <i>(note 16)</i>	279,866,024	233,748,318

Commitments and contingencies (notes 12 and 14)
Uncertainty due to COVID-19 (note 18)



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, 2020

	2020 Budget \$ (note 2)	2020 Actual \$	2019 Actual \$
REVENUE			
Net taxation charges (note 8)	25,441,754	26,715,840	24,095,678
User charges	16,667,469	19,072,713	16,698,878
Charges to developers	4,094,654	18,469,012	9,951,762
Government transfers (note 9)	1,878,410	2,921,242	1,699,373
Penalties on taxes	500,000	486,592	655,483
Investment income	175,000	1,047,554	1,384,693
Contributed tangible capital assets	-	26,898,791	679,573
Other	150,003	458,476	1,435,454
Total revenue	48,907,290	96,070,220	56,600,894
EXPENSE			
General government	6,193,786	7,134,689	5,718,537
Protection to persons and property	9,849,357	9,138,734	8,609,581
Transportation services	6,269,022	8,981,564	8,586,694
Environmental services	11,237,428	14,339,485	11,606,947
Recreation and cultural services	8,705,415	8,058,139	8,820,136
Planning and development	2,239,150	2,097,215	1,677,021
	44,494,158	49,749,826	45,018,916
NET REVENUES	4,413,132	46,320,394	11,581,978
Loss on sale of tangible capital assets	-	(202,688)	(324,093)
Annual surplus	4,413,132	46,117,706	11,257,885
Accumulated surplus, beginning of year	233,748,318	233,748,318	222,490,433
Accumulated surplus, ending of year	238,161,450	279,866,024	233,748,318

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2020

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	46,117,706	11,257,885
Non-cash charges to operations		
Amortization of tangible capital assets	9,516,372	6,251,417
Contributed tangible capital assets	(26,898,791)	(679,573)
Loss on sale of tangible capital assets	202,688	324,093
Changes in non-cash operating working capital		
Short term investments	(50,000,000)	-
Taxes receivable	(546,368)	(1,038,131)
User charges receivable	539,665	(591,262)
Accounts receivable	(1,479,236)	905,880
Accounts payable and accrued liabilities	14,024,788	1,511,142
Employee and elected official future salaries and benefits payable	450,026	6,702
Deposits and deferred revenue	933,248	970,185
Obligatory reserve funds	(2,092,744)	(467,989)
Prepays	182,857	509,962
	(9,049,789)	18,960,311
CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	35,000	40,023
Purchase of tangible capital assets	(17,523,744)	(11,367,289)
	(17,488,744)	(11,327,266)
FINANCING ACTIVITIES		
Repayment of obligation under tangible capital lease	-	(49,725)
Net increase in cash and cash equivalents during the year	(26,538,533)	7,583,321
Cash and cash equivalents, beginning of year	104,739,382	97,156,062
Cash and cash equivalents, end of year	78,200,849	104,739,382

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

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Annual surplus	4,413,132	46,117,706	11,257,885
Acquisition of tangible capital assets	(145,760)	(17,523,744)	(11,367,289)
Contributed tangible capital assets	-	(26,898,791)	(679,573)
Amortization of tangible capital assets	-	9,516,372	6,251,417
Proceeds from sale of tangible capital assets	-	35,000	40,023
Loss on sale of tangible capital assets	-	202,688	324,093
	4,267,372	11,449,231	5,826,556
Change in prepaids	-	182,857	509,962
Change in net financial assets	4,267,372	11,632,088	6,336,518
Net financial assets at the beginning of year	59,369,666	59,369,666	53,033,148
Net financial assets at the end of year	63,637,038	71,001,754	59,369,666

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2020

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.

Basis of accounting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt when fair value can be reasonably estimated. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at the time of title transfer and as approved by council.

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, Federal Gas Tax, Ontario Municipal Partnership, main street revitalization, cannabis legalization and technology modernization funding under the authority of provincial and federal legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment income

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

Budget figures

The budgets originally approved by the Town for 2020, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

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

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

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

Front ended contract liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

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	48,907,290	48,907,290
Transfer to/from other funds	-	2,081,483
Capital Budget	-	-
Total Council Approved Budget	48,907,290	50,988,773
Less: Tangible Capital Assets Capitalized	-	(6,494,615)
Adjusted Budget per Consolidated Statement of Operations	48,907,290	44,494,158

3 CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Unrestricted cash, held at the bank and petty cash	30,330,731	55,730,709
Restricted cash, held at the bank	47,870,118	49,008,673
Total cash and cash equivalents	78,200,849	104,739,382

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

4 SHORT TERM INVESTMENTS

	2020 \$	2019 \$
Guaranteed Investment Certificates, interest rate between 1.71% and 2.10%, maturing by March 17, 2025	50,000,000	-

Short term investments market value is \$50,411,345 (2019 - \$0)

5 EMPLOYEE AND ELECTED OFFICIAL FUTURE SALARIES AND BENEFITS PAYABLE

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

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

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

The Town also pays severance to elected officials based on length of continuous service to a maximum of 6 months remuneration. Severance cost obligations for elected officials are recognized in the period in which the elected official rendered the services.

	2020 \$	2019 \$
Vacation pay and “banked” overtime	825,938	446,814
Council severance	112,072	92,583
Accrued post retirement non-pension benefits	506,875	463,893
Pay for performance program	46,110	37,679
Total employee future benefits payable	1,490,995	1,040,969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

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

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 2020 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, 2020, 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.

General Inflation

Future general inflation levels were assumed to increase at 1.75% (2019 – 1.75%) per year.

Interest (discount) rate

The present value of the post employment benefit liability was determined using a discount rate of 3.25% (2019 – 4.00%).

Health costs

Health costs were assumed to increase at an average increase of 6.0834% for 2020 reducing by 0.333% per year to reach 3.75% per year starting in 2027 (2019 – 6.4167%).

Dental costs

Dental costs were assumed to increase at an average increase of 3.75% (2019 – 3.75%) per year

6 DEPOSITS AND DEFERRED REVENUE

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

	Beginning Balance \$	Inflow \$	Outflows \$	Ending Balance \$
Deferred Revenue	5,327,470	1,680,408	(905,338)	6,102,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

7 OBLIGATORY RESERVE FUNDS

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

	2020	2019
	\$	\$
Development Charges, opening balance	35,834,343	37,903,261
Add: Developer contributions	20,394,949	8,694,520
Add: Interest earned	597,851	928,549
Deduct: Amounts used for eligible capital projects	(15,125,073)	(8,245,583)
Deduct: Credit issued	(7,768,713)	(3,446,404)
Development charges, ending balance	33,933,357	35,834,343
Parkland, opening balance	217,420	156,508
Add: Developer contributions	142,881	58,600
Add: Interest earned	4,979	4,687
Deduct: Amounts used for eligible capital projects	-	(2,375)
Parkland, ending balance	365,280	217,420
Federal Gas Tax, opening balance	2,460,908	1,558,139
Add: Allocation received	727,797	1,456,914
Add: Interest earned	25,091	41,761
Deduct: Amounts used for eligible capital projects	(663,192)	(595,906)
Federal Gas Tax, ending balance	2,550,604	2,460,908
Ontario Municipal Partnership Fund, opening balance	149,604	193,019
Add: Allocation received	485,579	481,199
Add: Interest earned	780	3,581
Deduct: Amounts used for eligible capital projects	(630,204)	(528,195)
Ontario Municipal Partnership Fund, ending balance	5,759	149,604
Main Street Revitalization Fund, opening balance	1,405	14,248
Add: Allocation received	-	-
Add: Interest earned	-	163
Deduct: Amounts used for eligible capital projects	(1,405)	(13,006)
Main Street Revitalization Fund, ending balance	-	1,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

7 OBLIGATORY RESERVE FUNDS (continued)

	2020	2019
	\$	\$
Cannabis Legalization Fund, opening balance	16,996	-
Add: Allocation received	-	17,242
Add: Interest earned	172	177
Deduct: Amounts used for eligible expenditure	-	(423)
Cannabis Legalization Fund, ending balance	17,168	16,996
Technology Modernization Fund, opening balance	676,510	-
Add: Allocation received	-	725,000
Add: Interest earned	5,258	7,030
Deduct: Amounts used for eligible capital projects	(289,494)	(55,520)
Technology Modernization Fund, ending balance	392,274	676,510
Total obligatory reserve funds	37,264,442	39,357,186

8 NET TAXATION CHARGES

Net taxation charges consist of the following:

	2020	2019
	\$	\$
Total taxes levied by the Town	71,854,023	68,103,566
Less		
Taxes levied on behalf of the Region of York	28,044,820	27,102,214
Taxes levied on behalf of the School Boards	17,093,363	16,905,674
Total net taxation charges	26,715,840	24,095,678

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

9 GOVERNMENT TRANSFERS

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

The following kinds of transfers were included in revenue:

	2020 \$	2019 \$
Grants with stipulations	2,746,726	1,432,369
Other grants	174,516	267,004
Total government transfers	2,921,242	1,699,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

Cost	Balance as at December 31 2019			Disposals	Balance as at December 31 2020
		Additions			
Transportation Infrastructure	\$ 57,240,866	\$ 7,366,314	\$ (1,033,373)	\$ 63,573,807	
Environmental Infrastructure	89,685,822	19,973,415	(507,235)	109,152,002	
Facilities	24,853,048	35,356	-	24,888,404	
Vehicles	9,460,752	608,832	(437,339)	9,632,245	
Machinery and equipment	7,106,371	852,112	(314,164)	7,644,319	
Land Improvements	13,541,345	2,475,307	(7,279)	16,009,373	
Land	66,554,159	192,584	-	66,746,743	
	<u>\$ 268,442,363</u>	<u>\$ 31,503,921</u>	<u>\$ (2,299,390)</u>	<u>\$ 297,646,894</u>	
Capital work in progress	9,814,634	\$ 16,070,989	\$ (3,152,374)	22,733,249	
	<u>\$ 278,256,997</u>	<u>\$ 47,574,910</u>	<u>\$ (5,451,763)</u>	<u>\$ 320,380,143</u>	

Accumulated amortization	Balance as at December 31 2019			Disposals	Balance as at December 31 2020
		Additions			
Transportation Infrastructure	\$ 34,118,278	\$ 2,755,784	\$ (1,028,932)	\$ 35,845,130	
Environmental Infrastructure	44,200,070	3,950,073	(507,235)	47,642,908	
Facilities	11,178,801	686,301	-	11,865,102	
Vehicles	4,440,218	733,876	(204,092)	4,970,002	
Machinery and equipment	4,069,333	820,070	(314,164)	4,575,239	
Land Improvements	6,242,804	570,268	(7,279)	6,805,793	
	<u>\$ 104,249,504</u>	<u>\$ 9,516,372</u>	<u>\$ (2,061,702)</u>	<u>\$ 111,704,174</u>	

	Net book value December 31 2019		Net book value December 31 2020	
Transportation Infrastructure	\$ 23,122,587		\$ 27,728,677	
Environmental Infrastructure	45,485,753		61,509,094	
Facilities	13,674,247		13,023,302	
Vehicles	5,020,534		4,662,243	
Machinery and equipment	3,037,038		3,069,080	
Land Improvements	7,298,541		9,203,580	
Land	66,554,159		66,746,743	
	<u>164,192,859</u>		<u>185,942,719</u>	
Capital work in progress	9,814,634		22,733,249	
	<u>\$ 174,007,493</u>		<u>\$ 208,675,968</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

10 TANGIBLE CAPITAL ASSETS (continued)

Assets under construction

Assets under construction and other capital work in progress having a value of \$22,733,249 (2019 - \$9,814,634) have not been amortized. Amortization of these assets will commence when the asset is put into service.

11 CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$31,421,485 (2019 - \$18,105,611). These contracts relate to the construction and expansion of certain permanent facilities that will be constructed in 2021 or later periods. As at December 31, 2020 \$13,785,704 (2019 - \$12,879,878) relating to these contracts had not been expended.

12 COMMITMENTS

The Town has entered into agreements for various periods until 2023 with minimum annual lease payments of \$171,488.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

13 PENSION PLAN

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

Each year an independent actuary determines the status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$109.8 billion indicating an actuarial deficit of \$3.3 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. Contributions made by the municipality to OMERS for 2020 were \$1,434,227 (2019 - \$1,400,534)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

16 ACCUMULATED SURPLUS

	2020 \$	2019 \$
<u>TOWN RESERVES</u>		
Corporate / Operating		
Working Capital/Tax Stabilization	3,538,302	3,498,490
General Capital	5,338,041	3,600,744
Library Special	295,374	193,048
COVID Operating Grant	635,766	-
	<u>9,807,483</u>	<u>7,292,282</u>
Program Specific		
Election	257,958	56,553
Emergency Services	584,116	768,732
Insurance	401,519	276,948
Winter Maintenance	560,546	305,285
Real Estate Legal and Administration	791,476	679,762
Farmers Market	8,980	8,462
	<u>2,604,595</u>	<u>2,095,742</u>
Development Specific		
Building Code Enforcement	11,786,526	10,073,101
Planning Act	(266,486)	164,524
Engineering Fees	1,789,284	2,348,744
Parks Development Fees	(304,891)	(234,733)
Fill and Site Alteration	17,521	(5,190)
	<u>13,021,954</u>	<u>12,346,446</u>
Asset Replacement		
Parks Structures	580,339	592,211
Library Asset Replacement	295,275	207,144
Public Works Roads	179,285	144,450
Vehicle and Equipment Replacement – Tax Levy	4,031,830	3,360,410
Information Technology	1,486,548	938,091
Buildings	6,921,496	4,973,395
Roads Tax Levy	1,586,758	783,603
	<u>15,081,531</u>	<u>10,999,304</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

16 ACCUMULATED SURPLUS (continued)

	2020 \$	2019 \$
Community Capital Contribution		
Environment & Watershed Enhancement	592,365	505,280
Ineligible Due to Level of Service	2,123,293	1,871,055
10% Mandatory Development Credit Reduction	1,928,707	2,367,285
Parkland Acquisition	3,036,870	2,638,895
Administration Facilities	3,520,292	3,060,022
Art and Culture Heritage	1,426,048	1,240,435
Economic Development Initiatives and Servicing	962,200	951,914
	<u>13,589,775</u>	<u>12,634,886</u>
<u>WATER AND WASTEWATER</u>		
Stabilization		
Water and Sewer Rate Stabilization	600,633	590,457
	<u>600,633</u>	<u>590,457</u>
Asset Replacement		
Vehicle and Equipment Replacement - Water and Sewer	208,009	177,068
Infrastructure - Water and Sewer	17,964,485	14,483,147
Rate Supported - Water and Sewer	22,693	22,693
	<u>18,195,187</u>	<u>14,682,908</u>
Subtotal	<u>72,901,158</u>	<u>60,642,025</u>
Supplementary Taxes (unbilled)	150,195	190,592
Total Reserves	<u>73,051,353</u>	<u>60,832,617</u>
Front Ended Capital Projects to be recovered by development charges	(1,861,297)	(1,091,792)
Investment in tangible capital assets	208,675,968	174,007,494
Total Accumulated Surplus	<u>279,866,024</u>	<u>233,748,318</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

17 COMPARATIVE FIGURES

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

18 UNCERTAINTY DUE TO COVID-19

As the impacts of COVID-19 continue, there could be further impact on the Town, constituents, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenses, and leveraging existing reserves to ensure it is able to continue providing essential services to its citizens.

19 SEGMENTED INFORMATION

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

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

(a) *General government*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

19 SEGMENTED INFORMATION (continued)

(b) *Protection to persons and property*

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

(c) *Transportation services*

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

(d) *Environmental services*

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

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

19 SEGMENTED INFORMATION (continued)

(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 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.

	2020 \$	2019 \$	2020 \$	2019 \$
	CONSOLIDATED		GENERAL GOVERNMENT	
Expenses				
Salaries and wages	21,704,209	21,290,930	3,528,831	2,688,650
Materials	5,327,626	4,071,575	1,950,500	957,737
Contracted services	13,165,947	13,404,995	1,216,358	1,627,284
Rents and Financial Exp	35,672	-	30,959	-
Amortization	9,516,372	6,251,416	408,041	444,866
	49,749,826	45,018,916	7,134,689	5,718,537
Revenues				
Net taxation charges	(26,715,840)	(24,095,678)	(26,715,840)	(24,095,678)
User charges	(19,072,713)	(16,698,878)	(236,330)	(310,024)
Charges to developers	(18,469,012)	(9,951,762)	(13,919,588)	(6,857,644)
Grants	(2,921,242)	(1,699,374)	(489,252)	(195,010)
Penalties on taxes	(486,592)	(655,483)	(486,592)	(655,483)
Investment income	(1,047,554)	(1,384,693)	(1,047,554)	(1,384,693)
Contributed assets	(26,898,791)	(679,573)	-	(679,573)
Other	(458,476)	(1,435,453)	(159,486)	(318,431)
	(96,070,220)	(56,600,894)	(43,054,642)	(34,496,536)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

19 SEGMENTED INFORMATION (continued)

	2020 \$	2019 \$	2020 \$	2019 \$
	PROTECTION		TRANSPORTATION	
Expenses				
Salaries and wages	6,672,113	6,685,899	3,148,163	3,382,839
Materials	774,135	414,987	1,260,123	1,298,230
Contracted services	918,692	778,080	1,480,924	1,874,999
Amortization	773,794	730,615	3,092,354	2,030,627
	9,138,734	8,609,581	8,981,564	8,586,694
Revenues				
User charges	(4,239,107)	(2,343,064)	(286,786)	(400,515)
Charges to developers	(30,729)	(361,876)	(1,058,448)	(434,192)
Grants	(942,300)	(26,027)	(1,293,397)	(1,118,673)
Contributed assets	-	-	(7,400,305)	-
Other	(117,315)	(268,787)	(51,762)	(609,758)
	(5,329,451)	(2,999,754)	(10,090,698)	(2,563,138)
	2020 \$	2019 \$	2020 \$	2019 \$
	ENVIRONMENT		RECREATION	
Expenses				
Salaries and wages	2,521,799	2,453,692	3,184,392	3,405,799
Materials	266,839	273,663	2,326,293	2,574,003
Contracted services	7,547,159	6,993,504	1,422,726	1,858,738
Rents and Financial Exp	-	-	4,713	-
Amortization	4,003,688	1,886,088	1,016,634	953,227
	14,339,485	11,606,947	7,954,758	8,791,767
Revenues				
User charges	(13,124,230)	(11,696,322)	(607,585)	(1,453,838)
Charges to developers	(54,994)	(18,666)	(2,813,382)	(2,111,497)
Grants	(123,318)	(156,157)	(31,492)	(90,595)
Contributed assets	(19,498,486)	-	-	-
Other	(69,035)	(123,001)	(21,734)	(94,059)
	(32,870,063)	(11,994,146)	(3,474,193)	(3,749,989)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT)

As at December 31, 2020

19 SEGMENTED INFORMATION (continued)

	2020 \$	2019 \$	2020 \$	2019 \$
	PLANNING		LIBRARY	
Expenses				
Salaries and wages	1,414,043	1,398,975	1,234,868	1,275,076
Materials	126,505	28,196	346,540	267,792
Contracted services	556,667	249,850	23,421	22,541
Amortization	-	-	221,861	205,993
	2,097,215	1,677,021	1,826,690	1,771,402
Revenues				
User charges	(578,675)	(485,218)	-	(9,897)
Charges to developers	(591,871)	(167,887)	-	-
Grants	(1,405)	(2,853)	(1,813,387)	(1,853,091)
Other	-	-	(39,144)	(21,418)
	(1,171,951)	(655,958)	(1,852,531)	(1,884,406)
	ELIMINATION			
Expenses				
Materials	(1,723,309)	(1,743,033)		
	(1,723,309)	(1,743,033)		
Revenues				
Grants	1,773,309	1,743,033		
	1,773,309	1,743,033		

STATISTICAL INFORMATION

STATISTICAL DATA

CONSOLIDATED FINANCIAL ACTIVITIES

REVENUE	2020	2019	2018	2017	2016
Net taxation charges	26,715,840	24,095,678	21,536,531	18,265,478	16,308,132
User charges	19,072,713	16,698,878	17,216,239	22,535,973	22,483,356
Charges to developers	18,469,012	9,951,762	5,452,377	5,838,784	15,900,174
Grants/Government Transfers	2,921,242	1,699,373	1,829,970	1,154,838	994,505
Penalties on taxes	486,592	655,483	509,610	424,757	443,302
Investment income	1,047,554	1,384,693	1,013,476	507,953	216,581
Other Revenue	458,476	1,435,454	1,154,131	1,255,516	2,906,156
Contributed tangible capital assets	26,898,791	679,573	16,231,470	7,461,501	12,718,370
	96,070,220	56,600,894	64,943,804	57,444,800	71,970,576

NET TAXATION CHARGES

Total Taxes levied by Town	71,854,023	68,103,566	60,138,146	51,921,825	47,156,577
Less: Taxes Levied on behalf of York Region	28,044,820	27,102,214	23,610,480	20,192,859	18,364,983
Less: Taxes Levied on behalf of School Boards	17,093,363	16,905,674	14,991,135	13,463,488	12,483,442
Total net taxation charges	26,715,840	24,095,678	21,536,531	18,265,478	16,308,152

EXPENDITURES BY FUNCTION

General government	7,134,689	5,718,537	4,939,729	9,661,005	22,634,506
Protection to persons and property	9,138,734	8,609,581	7,873,243	6,984,604	5,979,073
Transportation services	8,981,564	8,586,694	8,569,212	7,453,805	7,437,963
Environmental services	14,339,485	11,606,947	11,417,968	8,614,167	7,936,507
Recreation and cultural services	8,058,139	8,820,136	7,692,944	7,744,198	7,476,537
Planning and development	2,097,215	1,677,021	1,574,718	1,859,770	1,539,931
	49,749,826	45,018,916	42,067,814	42,317,549	53,004,517

EXPENDITURES BY OBJECT

Salaries and wages	21,704,209	21,290,930	19,893,772	17,953,048	16,967,444
Materials	5,327,626	4,071,575	3,576,874	4,944,169	5,570,476
Contracted Services	13,165,947	13,404,995	10,938,678	13,367,252	24,611,979
Rents and financial exp	35,672	-	-	-	-
Amortization	9,516,372	6,251,416	7,658,489	6,053,080	5,854,618
	49,749,826	45,018,916	42,067,813	42,317,549	53,004,517

Gain/(Loss) on sale of tangible capital assets	(202,688)	(324,093)	47,357	(553,032)	(40,994)
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Annual Surplus	46,117,706	11,257,885	22,923,348	14,574,218	18,925,065
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Accumulated Surplus

Reserves	59,311,383	48,007,139	42,640,624	36,141,343	24,450,467
Community Capital Contribution	13,589,775	12,634,886	11,965,248	10,706,501	7,626,416
Supplementary Taxes (unbilled) included in General Capital	150,195	190,592	449,914	348,376	118,350
Total Reserves	73,051,353	60,832,617	55,055,786	47,196,220	32,195,233
Front Ended Capital Projects to be recovered by development Charges	(1,861,297)	(1,091,792)	(1,141,517)	(23,738,650)	(19,238,646)
Investment in tangible capital assets	208,675,968	174,007,494	168,576,164	153,608,248	149,535,012
Accumulated Surplus	279,866,024	233,748,319	222,490,433	177,065,818	162,491,599

ACQUISITION OF TANGIBLE CAPITAL ASSETS	47,574,909	15,248,946	23,550,619	11,838,137	27,797,787
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NET FINANCIAL ASSETS	71,001,754	59,369,666	53,033,148	22,889,750	12,530,411
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TOTAL DEBT	-	-	-	-	-
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TOTAL DEBT OUTSTANDING PER CAPITA	-	-	-	-	-
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FIVE YEAR MISCELLANEOUS STATISTICS

MISCELLANEOUS INFORMATION	2020	2019	2018	2017	2016
GENERAL GOVERNMENT⁽¹⁾					
Full Time Equivalent Employees	152	149	146	143	132
DEMOGRAPHICS⁽²⁾					
Population	35,100	33,900	31,700	26,600	25,200
Population Density per sq. km.	144	139	130	109	103
Average Household Income	141,801	140,694	135,968	128,256	124,298

(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

LOG 1V0

905-478-4282

