



*Town of*  
**East Gwillimbury**

# **Consolidated Financial Statements** **December 31, 2008**

***Our Town, Our Future***

**Town of East Gwillimbury  
2008 Consolidated Financial Statements**

*Approved by Council  
September 21, 2009*

**Town of East Gwillimbury  
19000 Leslie Street  
Sharon, ON L0G 1V0  
CANADA**

**(905) 478-4282**

**[www.eastgwillimbury.ca](http://www.eastgwillimbury.ca)**



*Mayor James R. Young*



*Councillor Cathy Morton*



*Councillor Virginia Hackson*



*Councillor Marlene Johnston*



*Councillor Jack Hauseman*



Town of East Gwillimbury

## **CONSOLIDATED FINANCIAL STATEMENTS**

As at December 31, 2008

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## Auditors' report

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To the Members of Council, Inhabitants,  
And Ratepayers of the Town of East Gwillimbury

We have audited the consolidated statement of financial position of the Town of East Gwillimbury as at December 31, 2008 and the consolidated statements of financial activities, consolidated statement of cash flows, consolidated statement of operating fund financial activities, consolidated statement of capital fund financial activities and consolidated statement of reserve funds financial activities for the year then ended. These consolidated financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.



Markham, Ontario  
September 4, 2009

Chartered Accountants  
Licensed Public Accountants

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2008

	2008	2007
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash [note 2]	10,594,539	8,353,602
Taxes receivable	3,013,892	3,105,699
User charges receivable	833,020	844,612
Accounts receivable [note 3]	704,396	1,214,625
	<b>15,145,847</b>	<b>13,518,538</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities [note 4]	2,982,206	2,885,969
Deposits and deferred revenue	3,891,894	2,348,553
Accrued interest on long-term debt	151,802	153,526
Obligatory reserve funds [note 5]	1,084,831	4,414,190
Net long-term debt with the Region of York [note 6]	818,713	1,402,286
	<b>8,929,446</b>	<b>11,204,524</b>
<b>Net financial assets</b>	<b>6,216,401</b>	<b>2,314,014</b>
<b>NON FINANCIAL ASSETS</b>		
Prepays	260,793	-
<b>Net financial and non financial assets</b>	<b>6,477,194</b>	<b>2,314,014</b>
<b>MUNICIPAL POSITION</b>		
Operating Fund Balance ( <i>Schedule of Operating Fund Activities</i> )	50,507	95,750
Capital Fund Balance ( <i>Schedule of Capital Fund Activities</i> )	(674,271)	(687,664)
Reserve Funds ( <i>Schedule of Reserve Fund Activities</i> )	7,875,450	4,257,177
<b>Total fund balances</b>	<b>7,251,686</b>	<b>3,665,263</b>
Amounts to be recovered [note 7]	(774,492)	(1,351,249)
<b>Total municipal position</b>	<b>6,477,194</b>	<b>2,314,014</b>

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

*Commitments and contingencies [Notes 10 and 12]*

Town of East Gwillimbury

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

Year ended December 31, 2008

	Budget 2008 \$	Actual 2008 \$	Actual 2007 \$
<b>REVENUE</b>			
Net taxation charges <i>[note 8]</i>	10,130,920	<b>10,218,702</b>	9,722,950
User charges	6,178,180	<b>5,615,548</b>	4,902,382
Charges to developers	1,545,000	<b>1,258,051</b>	1,991,652
Grants	526,960	<b>550,649</b>	761,448
Penalties on taxes	403,730	<b>443,119</b>	364,053
Investment income	228,000	<b>398,009</b>	457,134
Sale of surplus lands/equipment	750,000	-	32,627
Other	1,963,480	<b>4,405,458</b>	1,576,005
<b>Total revenue</b>	<b>21,726,270</b>	<b>22,889,536</b>	<b>19,808,251</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	2,933,980	<b>2,851,706</b>	2,733,449
Protection to persons and property	2,449,400	<b>2,394,183</b>	2,263,956
Transportation services	2,441,580	<b>2,433,078</b>	2,297,476
Environmental services	3,644,560	<b>3,206,066</b>	3,154,578
Recreation and cultural services	3,291,750	<b>3,437,405</b>	3,092,488
Planning and development	914,890	<b>816,009</b>	571,748
	<b>15,676,160</b>	<b>15,138,447</b>	<b>14,113,695</b>
<b>Capital</b>			
General government	432,630	<b>415,618</b>	301,396
Protection to persons and property	99,000	<b>314,474</b>	334,579
Transportation services	1,545,500	<b>1,260,416</b>	1,790,703
Environmental services	431,200	<b>270,735</b>	1,156,430
Recreation and cultural services	2,493,460	<b>771,057</b>	1,570,975
Planning and development	941,600	<b>555,610</b>	340,927
	<b>5,943,390</b>	<b>3,587,910</b>	<b>5,495,010</b>
<b>Total expenditures <i>[note 9]</i></b>	<b>21,619,550</b>	<b>18,726,357</b>	<b>19,608,705</b>
<b>Net revenue</b>	<b>106,720</b>	<b>4,163,179</b>	<b>199,546</b>
<b>FINANCING</b>			
Debt principal and repayment	(462,250)	<b>(461,784)</b>	(440,325)
Interest earned on sinking funds	(122,000)	<b>(121,789)</b>	(111,035)
Net amounts to/from accounts receivable <i>[note 7]</i>	7,280	<b>6,817</b>	6,357
<b>Net decrease in amounts to be recovered</b>	<b>(576,970)</b>	<b>(576,756)</b>	<b>(545,003)</b>
<b>Net change in fund balances during the year</b>	<b>(470,250)</b>	<b>3,586,423</b>	<b>(345,457)</b>

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



Town of East Gwillimbury

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended December 31, 2008

	2008	2007
	\$	\$
<b>Increase (decrease) in cash</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenue	4,163,179	199,546
Changes in non-cash working capital balances related to operations		
(Increase)/decrease in taxes receivable	91,807	(406,982)
(Increase)/decrease in user charges receivable	11,593	(27,284)
(Increase)/decrease in accounts receivable	510,229	(583,827)
(Increase)/decrease in prepaid expenses	(260,793)	-
Increase/(decrease) in accounts payable & accrued liabilities	96,237	(209,764)
Increase in deposits and deferred revenue	1,543,341	477,063
Increase (decrease) in accrued interest on long-term debt	(1,724)	(1,619)
Increase (decrease) in obligatory reserve funds	(3,329,359)	668,488
<b>Cash provided by operating activities</b>	<b>2,824,510</b>	<b>115,621</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayment	(461,784)	(440,325)
Interest earned on sinking funds	(121,789)	(111,035)
<b>Cash used in financing activities</b>	<b>(583,573)</b>	<b>(551,360)</b>
<b>Net increase in cash during the year</b>	<b>2,240,937</b>	<b>(435,739)</b>
Cash, beginning of year	8,353,602	8,789,341
<b>Cash, end of year</b>	<b>10,594,539</b>	<b>8,353,602</b>

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

Town of East Gwillimbury

**SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES**

Year ended December 31, 2008

	Budget 2008 \$	Actual 2008 \$	Actual 2007 \$
<b>REVENUE</b>			
Net taxation charges <i>(note 8)</i>	10,130,920	<b>10,218,702</b>	9,722,950
User charges	6,178,180	<b>5,615,548</b>	4,902,382
Grants	197,040	<b>257,019</b>	218,514
Penalties on taxes	403,730	<b>443,119</b>	364,053
Investment income	228,000	<b>212,482</b>	358,834
Developer contributions earned	-	<b>64,000</b>	-
Other	565,680	<b>3,956,642</b>	560,242
<b>Total revenue</b>	<b>17,703,550</b>	<b>20,767,512</b>	<b>16,126,975</b>
<b>EXPENDITURES</b>			
General government	2,933,980	<b>2,851,706</b>	2,733,449
Protection to persons and property	2,449,400	<b>2,394,183</b>	2,263,956
Transportation services	2,441,580	<b>2,433,078</b>	2,297,476
Environmental services	3,644,560	<b>3,206,066</b>	3,154,578
Recreation and cultural services	3,291,750	<b>3,437,405</b>	3,092,488
Planning and development	914,890	<b>816,009</b>	571,748
<b>Total expenditures</b>	<b>15,676,160</b>	<b>15,138,447</b>	<b>14,113,695</b>
<b>Net revenue</b>	<b>2,027,390</b>	<b>5,629,065</b>	<b>2,013,280</b>
<b>INTER-FUND TRANSFERS</b>			
Transfer to capital fund	(485,320)	<b>(722,688)</b>	(496,860)
Transfer to reserves and reserve funds	(965,100)	<b>(4,374,864)</b>	(1,142,996)
<b>Net Inter-Fund Transfers</b>	<b>(1,450,420)</b>	<b>(5,097,552)</b>	<b>(1,639,856)</b>
<b>FINANCING</b>			
Debt principal and repayment	(462,250)	<b>(461,784)</b>	(440,325)
Interest earned on sinking funds	(122,000)	<b>(121,789)</b>	(111,035)
Net amounts to/from accounts receivable	7,280	<b>6,817</b>	6,357
<b>Net decrease in amounts to be recovered</b>	<b>(576,970)</b>	<b>(576,756)</b>	<b>(545,003)</b>
<b>Net change in operating fund balances during the year</b>	<b>-</b>	<b>(45,243)</b>	<b>(171,579)</b>
<b>Operating fund balance, beginning of year</b>	<b>-</b>	<b>95,750</b>	<b>267,329</b>
<b>Operating fund balance, end of year</b>	<b>-</b>	<b>50,507</b>	<b>95,750</b>

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



Town of East Gwillimbury

**SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES**

Year ended December 31, 2008

	Budget 2008 \$	Actual 2008 \$	Actual 2007 \$
<b>REVENUE</b>			
Charges to developers	1,545,000	<b>1,194,051</b>	1,991,652
Grants	329,920	<b>293,630</b>	542,934
Sale of surplus lands/equipment	750,000	-	32,627
Other	1,397,800	<b>448,816</b>	1,015,763
<b>Total revenue</b>	<b>4,022,720</b>	<b>1,936,497</b>	<b>3,582,976</b>
<b>EXPENDITURES</b>			
General government	432,630	<b>415,618</b>	301,396
Protection to persons and property	99,000	<b>314,474</b>	334,579
Transportation services	1,545,500	<b>1,260,416</b>	1,790,703
Environmental services	431,200	<b>270,735</b>	1,156,430
Recreation and cultural services	2,493,460	<b>771,057</b>	1,570,975
Planning and development	941,600	<b>555,610</b>	340,927
<b>Total expenditures</b>	<b>5,943,390</b>	<b>3,587,910</b>	<b>5,495,010</b>
<b>Net expenditures</b>	<b>(1,920,670)</b>	<b>(1,651,413)</b>	<b>(1,912,034)</b>
<b>INTER-FUND TRANSFERS</b>			
Transfer from operating fund	485,320	<b>722,688</b>	496,860
Transfer from reserve funds	1,435,350	<b>942,118</b>	1,155,496
<b>Net Inter-Fund Transfers</b>	<b>1,920,670</b>	<b>1,664,806</b>	<b>1,652,356</b>
<b>Net change in capital fund balances during the year</b>	<b>-</b>	<b>13,393</b>	<b>(259,678)</b>
<b>Capital fund balance, beginning of year</b>	<b>(687,664)</b>	<b>(687,664)</b>	<b>(427,986)</b>
<b>Capital fund balance, end of year</b>	<b>(687,664)</b>	<b>(674,271)</b>	<b>(687,664)</b>

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

Town of East Gwillimbury

**SCHEDULE OF RESERVE FUNDS FINANCIAL ACTIVITIES**

Year ended December 31, 2008

	Budget 2008 \$	Actual 2008 \$	Actual 2007 \$
<b>REVENUE</b>			
Investment income	-	<b>185,527</b>	98,300
<b>Total revenue</b>	-	<b>185,527</b>	98,300
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>			
Transfers from operating fund	965,100	<b>4,374,864</b>	1,142,996
Transfers to capital fund	(1,435,350)	<b>(942,118)</b>	(1,155,496)
<b>Net transfers from (to) other funds</b>	(470,250)	<b>3,432,746</b>	(12,500)
<b>Net change in funds balances during the year</b>	(470,250)	<b>3,618,273</b>	85,800
<b>Reserve funds balances, beginning of year</b>	4,257,177	<b>4,257,177</b>	4,171,377
<b>Reserve funds balances, end of year</b>	3,786,927	<b>7,875,450</b>	4,257,177

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

Town of East Gwillimbury

**SCHEDULE OF RESERVE FUNDS FINANCIAL ACTIVITIES**

Year ended December 31, 2008

	<b>Actual 2008 \$</b>	Actual 2007 \$
<b>SUMMARY OF RESERVE FUNDS SET ASIDE BY COUNCIL FOR SPECIFIC PURPOSES AS FOLLOWS:</b>		
Working Capital / Tax Rate Stabilization	4,585,279	1,251,138
Sewer Infrastructure	928,049	923,636
Water Rate Stabilization	554,439	479,832
Water Infrastructure	344,587	384,342
Acquisition of General Capital Assets	193,090	248,921
Ross Family Bequest	175,760	174,723
Information Technology	116,490	155,840
Facilities / Buildings	89,177	120,999
Public Works Transportation Infrastructure	104,182	101,076
Building Code Enforcement	447,508	105,752
Emergency Services Training	(4,614)	93,385
Vehicle & Equipment Replacement –Water & Sewer	118,088	81,175
Public Library	59,190	45,049
Municipal Elections	68,404	41,736
Vehicle & Equipment Replacement	124,814	52,285
Sewer Rate Stabilization	(15,547)	33,836
Parks Structures Replacement	10,526	10,212
Insurance	(42,705)	(60,769)
<b>SUMMARY OF RESERVE FUNDS SET ASIDE BY EAST GWILLIMBURY PUBLIC LIBRARY BOARD AS FOLLOWS:</b>		
Fundraising for Special Projects	18,733	14,009
<b>Total reserve funds</b>	<b>7,875,450</b>	<b>4,257,177</b>

*The accompanying notes are an integral part of these financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2008

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**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 the Mayor and five Members of Council elected by its residents at large.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of East Gwillimbury [the “Town”] are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (“PSAB”) of The Canadian Institute of Chartered Accountants (“CICA”).

**Basis of consolidation**

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund, capital fund, reserves and reserve funds 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 and inter-fund transactions and balances have been eliminated on consolidation.

The taxation, other revenues, expenditures, assets and liabilities with respect to school boards and the Region of York are not reflected in the Town’s consolidated financial statements.

**Basis of accounting**

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2008

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)****Capital assets**

The historical cost and accumulated amortization of capital assets are not recorded for the Town's purposes. Capital assets acquired are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition. In 2006, PSAB approved a new accounting standard, known as PS-3150 Tangible Capital Assets, to be implemented starting January 1, 2009. The Town has retained a consulting firm to prepare an inventory of all capital assets and to provide a valuation of the inventory for both historical book value and estimated replacement cost.

**Reserves and reserve funds**

Reserves and reserve funds comprise of funds set aside for specific purposes by Council and funds which are set aside for specific purposes by legislation, regulation or agreement. For financial reporting purposes, reserve funds set aside by legislation, regulation or agreement are reported as a liability entitled obligatory reserve funds on the consolidated statement of financial position.

**Use of estimates**

The preparation of these consolidated financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimates.

**Employee benefit plan**

The Town's employees participate in a multi-employer defined benefit plan. The present value of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of benefits earned by employees is determined using management's best estimate of retirement ages of employees and expected health care and dental costs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2008

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investment income**

Investment income earned on surplus operating funds, capital funds, and reserves and reserve funds are reported as revenue in the period earned. Investment income earned on development charges (obligatory reserve funds) is added to the fund balance and forms part of the deferred revenue balance.

**Government transfers**

Government transfers are recognized in the consolidated financial statements in the period in which 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.

**Budget figures**

The approved operating and capital budgets for 2008 are reflected on the consolidated schedules of operating fund activities, capital fund activities and financial activities. Certain capital projects budgeted for the year were not completed as at December 31st and therefore a direct comparison of actual versus budget amounts for capital fund expenditures may not be appropriate.

**2. CASH AND CASH EQUIVALENTS**

	2008	2007
	\$	\$
Unrestricted cash, held at the bank and petty cash	5,597,419	1,579,778
Restricted cash, held at the bank	4,997,120	6,773,824
<b>Total Cash and cash equivalents</b>	<b>10,594,539</b>	<b>8,353,602</b>

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable include amounts due of \$44,221 [2007 - \$51,038] from certain property owners pursuant to loans extended under the Tile Drainage Act.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2008

**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, dental and life insurance benefits to the age of 65 on behalf of those retired employees that were employed by the Town for 15 years or more.

The Town recognizes the cost of its post retirement non-pension benefit costs, 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.

	<b>2008</b>	2007
	<b>\$</b>	<b>\$</b>
Vacation Pay and “Banked” Overtime	<b>191,148</b>	152,002
Council severance	<b>102,806</b>	99,127
Accrued post retirement non-pension benefits	<b>190,000</b>	49,773
Pay for Performance Program	<b>29,997</b>	36,110
<b>Total Employee Future Benefits Payable</b>	<b>513,951</b>	337,012

Town of East Gwillimbury

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2008

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

Actuarial evaluations for accounting purposes are performed every three years using the projected benefit method prorated on services. A full valuation will be obtained by the Town for the December 31, 2009 year end financial statements.

The main assumptions employed for the preliminary actuarial valuation prepared at December 31, 2008 were:

*General Inflation*

Future general inflation levels were assumed to increase at 2.0% per year.

*Interest (discount) rate*

The present value of the post employment benefit liability was determined using a discount rate of 5.0%.

*Health costs*

Health costs were assumed to increase at an average increase of 6.667% per year for 2008 and 2009 reducing to 4.0% per year over 11 years.

*Dental costs*

Dental costs were assumed to increase at an average increase of 4.0% in 2008 and thereafter.

**5. LIABILITIES / DEFERRED REVENUE – OBLIGATORY RESERVE FUNDS**

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Town are summarized below:

	<b>2008</b>	<b>2007</b>
	\$	\$
Development charges	<b>763,102</b>	4,105,582
Parkland	<b>321,728</b>	308,608
<b>Total Obligatory Reserve Funds</b>	<b>1,084,831</b>	4,414,190



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2008

**6. NET LONG-TERM DEBT WITH THE REGION OF YORK**

The Town has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Region of York. As at December 31, the outstanding principal amount of this debt is as follows:

	<b>2008</b>	<b>2007</b>
	\$	\$
Installment debenture bearing interest at 6.375% payable semi-annually with the principal amount payable in annual installments as set out by the Region of York. The debenture was issued in connection with the East Gwillimbury Community Centre [Sharon Arena] and matures in December 2009.	<b>372,000</b>	722,000
Installment debenture issued pursuant to the Tile Drainage Act. This debt will be recovered through special annual drainage rates upon lands in respect of which the funds have been borrowed, therefore an equal amount is included within accounts receivable on the consolidated statement of financial position. This debt matures in April 2016.	<b>44,221</b>	51,037
Sinking fund debenture bearing interest at 11.5% per annum payable semi-annually in January and July. In addition, \$104,968 is to be deposited annually into the sinking fund for the payment of the principal of the said debenture. The debenture was issued in connection with the Town Civic Centre and matures in January 2011.	<b>2,700,000</b>	2,700,000
Total value of sinking funds which have been accumulated to year end to retire the outstanding long-term debt	<b>(2,297,508)</b>	(2,070,751)
<b>Total Net Long-term Debt with the Region of York</b>	<b>818,713</b>	1,402,286

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2008

**Repayments of the long-term debt are due as follows:**

	\$
2009	484,279
2010	112,817
2011	197,987
2012	5,804
2013	6,204
Thereafter	11,622
<b>Net long-term debt with the Region of York</b>	<b>818,713</b>

The Town anticipates future earnings of sinking funds of \$87,588 [2007 - \$209,377] to retire the debt at the end of its term. Total interest charges for the year for net long-term debt included in the consolidated statement of financial activities are \$358,295 [2007 - \$379,834].

The long-term debt issued on behalf of the Town has received approval of the Ontario Municipal Board for the debt approved on or before December 31, 1992. Debt approved after January 1, 1993 has been approved by by-law. The annual principal and interest payments required to service this debt are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

**7. AMOUNTS TO BE RECOVERED**

Amounts to be recovered consist of the following:

	2008 \$	2007 \$
Net long-term debt <i>[note 6]</i>	<b>818,713</b>	1,402,286
Less amounts recorded in accounts receivable <i>[note 3]</i>	<b>(44,221)</b>	(51,037)
Total net amounts to be recovered	<b>774,492</b>	1,351,249

Town of East Gwillimbury

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2008

**8. NET TAXATION CHARGES**

Net taxation charges consist of the following:

	<b>2008</b>	2007
	\$	\$
Total taxes levied by the Town	<b>34,789,931</b>	33,666,829
Less		
Taxes levied on behalf of the Region of York	<b>14,330,815</b>	13,572,975
Taxes levied on behalf of the School Boards	<b>10,240,414</b>	10,370,904
Total net taxation charges	<b>10,218,702</b>	9,722,950

**9. EXPENDITURES BY OBJECT**

Expenditures by object consist of the following:

	<b>2008</b>	2007
	\$	\$
Salaries, wages and benefits	<b>8,465,967</b>	7,481,417
Contracted services	<b>3,805,075</b>	3,836,205
Capital expenditures	<b>3,587,910</b>	5,511,702
Materials and supplies	<b>2,867,405</b>	2,779,381
Total Expenditures by Object	<b>18,726,357</b>	19,608,705

**10. COMMITMENTS**

The Town has entered into agreements to lease office equipment and vehicles for various periods until 2011. Minimum lease amounts payable for equipment in aggregate and for each of the next four years is as follows:

**Minimum lease amount payable are due as follows:**

	\$
2009	26,991
2010	19,921
2011	2,933
<b>Total minimum lease amount payable</b>	<b>49,845</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2008

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**11. PENSION PLAN**

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund plan ["OMERS"], a multi-employer pension plan, on behalf of all full-time employees. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all participating Ontario municipalities and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Contributions to the OMERS pension plan amounted to \$390,606 [2007 - \$332,020] for the year in respect of the current service.

**12. CONTINGENCIES**

The Town is a member of the Ontario Municipal Insurance Exchange (OMEX) and is party to a Reciprocal Agreement with OMEX. In October 2007, OMEX advised the Town of a contingent liability related to unfunded 2006 supplemental assessments, of which the Town's share would be \$11,357. OMEX has until the end of 2010 to determine whether it is necessary to adjust members' final instalments to meet this obligation or whether the Town is deemed to be sufficiently reserved.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2008

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**13. INSURANCE COVERAGE**

The Town is self insured for insurance claims up to \$10,000 for any individual claim and for any number of claims arising out of a single occurrence.

The Town has made provisions for reserves for self insurance claims under \$10,000 to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported on the Consolidated Statement of Financial Activities under reserves set aside by Council. As at December 31, 2008, these reserves amounted to \$(42,705) (2007 - \$(60,769)).

The Town was a member of the Ontario Municipal Insurance Exchange which became a licensed group for liability insurance coverage on October 1, 1996. The Town's insurance is now with another carrier. Contributions have been made to the fund for claims in excess of \$10,000 and under \$50,000,000. These contributions have been reported as expenditures on the Consolidated Statement of Financial Activities.

**14. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

**15. SUBSEQUENT EVENT**

In February 2009, the Town completed the sale of two parcels of land to the Province of Ontario for \$2,050,200 and \$157,200 respectively for the Highway 404 Extension.

**16. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

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### 16. SEGMENTED INFORMATION (continued)

(a) *General government*

All support staff and services are included here such as Town Council, the Office of the CAO, Clerks, including By-Law and Treasury.

(b) *Protection*

Protection is comprised of emergency services 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*

The Transportation department is responsible for the Town's 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) *Environment*

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

(e) *Recreation*

The Recreation department is responsible for the planning, administration, operation and maintenance of municipal parks and facilities. Recreation and leisure services are provided through leisure programs as well as parks, playgrounds, open spaces and trail systems.

(f) *Planning*

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 serves the members of the public in their leisure, informational and cultural quests.

(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 net income of the consolidated entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008

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### 16. SEGMENTED INFORMATION (continued)

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.

Town of East Gwillimbury  
Schedule of Segment Disclosure  
Year ended December 31



	Consolidated		General Government		Protection	
	2008	2007	2008	2007	2008	2007
<b>Expenditures</b>						
Salaries and wages	\$ 8,465,967	\$ 7,481,417	\$ 1,342,246	\$ 1,298,848	\$ 1,792,873	\$ 1,623,250
Materials, supplies and services	2,867,405	2,779,381	932,443	846,258	290,154	346,602
Contracted services	3,805,075	3,836,205	577,017	588,342	311,156	294,104
Capital expenditures	3,587,910	5,511,702	415,618	301,396	314,474	334,579
	<u>18,726,357</u>	<u>19,608,705</u>	<u>3,267,324</u>	<u>3,034,844</u>	<u>2,708,657</u>	<u>2,598,535</u>
<b>Revenues</b>						
Taxation, penalties & interest on taxes	(10,661,821)	(10,087,004)	(10,661,821)	(10,087,004)	-	-
User fees, licences & fines	(5,615,548)	(4,902,382)	(29,359)	(24,179)	(1,191,289)	(945,853)
Grants	(550,649)	(761,448)	(303,672)	(147,200)	-	-
Investment income	(398,009)	(457,134)	(398,009)	(457,134)	-	-
Developer contributions	(1,258,051)	(1,991,653)	(138,823)	(98,851)	-	-
Donations & other	(4,405,458)	(1,608,632)	(3,470,457)	(139,069)	(164,416)	(135,571)
	<u>(22,889,536)</u>	<u>(19,808,253)</u>	<u>(15,002,141)</u>	<u>(10,953,437)</u>	<u>(1,355,705)</u>	<u>(1,081,424)</u>
<b>Net (Revenues) / Expenditures</b>	\$ <u>(4,163,179)</u>	\$ <u>(199,548)</u>	\$ <u>(11,734,817)</u>	\$ <u>(7,918,593)</u>	\$ <u>1,352,952</u>	\$ <u>1,517,111</u>



**Town of East Gwillimbury**  
**Schedule of Segment Disclosure**  
**Year ended December 31**

	Transportation		Environment		Recreation	
	2008	2007	2008	2007	2008	2007
<b>Expenditures</b>						
Salaries and wages	\$ 1,195,937	\$ 1,083,881	\$ 1,170,109	\$ 961,837	\$ 1,567,849	\$ 1,398,435
Materials, supplies and services	670,981	617,029	151,387	151,739	1,436,787	1,401,185
Contracted services	566,160	580,095	1,884,569	2,041,002	400,517	291,804
Capital expenditures	1,260,416	1,807,173	270,735	1,156,430	768,663	1,554,505
	<u>3,693,494</u>	<u>4,088,178</u>	<u>3,476,800</u>	<u>4,311,008</u>	<u>4,173,816</u>	<u>4,645,929</u>
<b>Revenues</b>						
Taxation, penalties & interest on taxes	-	-	-	-	-	-
User fees, licences & fines	(187,182)	(191,874)	(2,628,062)	(2,519,892)	(1,015,968)	(999,902)
Grants	(214,702)	(533,664)	-	-	-	-
Investment income	-	-	-	-	-	-
Developer contributions	(255,659)	(316,885)	-	-	(308,372)	(1,282,484)
Donations & other	(475,612)	(1,089,611)	(86,168)	(85,118)	(142,178)	(109,991)
	<u>(1,133,155)</u>	<u>(2,132,034)</u>	<u>(2,714,230)</u>	<u>(2,605,010)</u>	<u>(1,466,518)</u>	<u>(2,392,377)</u>
<b>Net (Revenues) / Expenditures</b>	<u>\$ 2,560,339</u>	<u>\$ 1,956,144</u>	<u>\$ 762,570</u>	<u>\$ 1,705,998</u>	<u>\$ 2,707,298</u>	<u>\$ 2,253,552</u>

**Town of East Gwillimbury**  
**Schedule of Segment Disclosure**  
**Year ended December 31**

	Planning		Library		Elimination	
	2008	2007	2008	2007	2008	2007
<b>Expenditures</b>						
Salaries and wages	\$ 768,992	\$ 539,637	\$ 627,961	\$ 575,528	\$ -	\$ -
Materials, supplies and services	(18,638)	(8,746)	298,939	260,210	(894,647)	(834,896)
Contracted services	65,656	40,857	-	-	-	-
Capital expenditures	555,610	340,927	50,965	16,691	(48,572)	-
	<u>1,371,620</u>	<u>912,675</u>	<u>977,865</u>	<u>852,429</u>	<u>(943,219)</u>	<u>(834,896)</u>
<b>Revenues</b>						
Taxation, penalties & interest on taxes	-	-	-	-	-	-
User fees, licences & fines	(539,802)	(196,000)	(23,887)	(24,682)	-	-
Grants	(21,056)	(15,568)	(906,209)	(854,619)	894,990	789,603
Investment income	-	-	-	-	-	-
Developer contributions	(554,055)	(331,592)	(49,372)	(7,133)	48,229	45,293
Donations & other	(42,000)	(26,500)	(24,628)	(22,773)	-	-
	<u>(1,156,913)</u>	<u>(569,660)</u>	<u>(1,004,096)</u>	<u>(909,207)</u>	<u>943,219</u>	<u>834,896</u>
<b>Net (Revenues) / Expenditures</b>	<u>\$ 214,707</u>	<u>\$ 343,015</u>	<u>\$ (26,231)</u>	<u>\$ (56,778)</u>	<u>\$ -</u>	<u>\$ -</u>