



*Town of*  
**East Gwillimbury**

# **Consolidated Financial Statements** **December 31, 2010**

*Our Town, Our Future*

**Town of East Gwillimbury  
2010 Consolidated Financial Statements**

*Approved by Committee of the Whole Council  
July 25, 2011*

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

**(905) 478-4282**

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



*Mayor Virginia Hackson*



*Councillor Cathy Morton*



*Councillor Marlene Johnston*



*Councillor Tara Roy-DiClemente*



*Councillor John Eaton*



## CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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# Independent auditor's report

Grant Thornton LLP  
Suite 200  
15 Allstate Parkway  
Markham, ON  
L3R 5B4  
T (416) 366-0100  
F (905) 475-8906  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Members of Council, Inhabitants, and Ratepayers of the  
**The Town of East Gwillimbury**

We have audited the accompanying consolidated financial statements of the **Town of East Gwillimbury**, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of East Gwillimbury as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Markham, Canada  
July 25, 2011

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2010

	2010	2009
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents ( <i>note 2</i> )	15,748,301	15,254,836
Taxes receivable	3,797,462	3,944,096
User charges receivable	1,133,075	1,058,961
Accounts receivable ( <i>note 3</i> )	3,134,658	1,260,130
	<b>23,813,496</b>	21,518,023
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,807,950	3,752,702
Employee and elected official future salaries and benefits payable ( <i>note 4</i> )	627,635	580,264
Deposits and deferred revenue	5,892,829	4,731,414
Accrued interest on long-term debt	149,968	149,968
Obligatory reserve funds ( <i>note 5</i> )	3,024,599	2,221,838
Net long-term debt with the Region of York ( <i>note 6</i> )	29,061	203,203
	<b>13,532,042</b>	11,639,389
<b>Net financial assets</b>	<b>10,281,454</b>	9,878,634
<b>NON FINANCIAL ASSETS</b>		
Prepays	24,630	29,076
Tangible capital assets( <i>note 8</i> )	129,611,006	117,955,170
	<b>129,635,636</b>	117,984,246
<b>Accumulated surplus (<i>note 15</i>)</b>	<b>139,917,090</b>	127,862,880

*Commitments, contractual obligations and contingencies (notes 9, 10 and 12)*

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

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2010

	2010 Budget \$ (Unaudited)	2010 Actual \$	2009 Actual \$
<b>REVENUE</b>			
Net taxation charges ( <i>note 7</i> )	10,806,170	<b>10,713,996</b>	10,587,375
User charges	6,678,258	<b>6,337,728</b>	5,233,849
Charges and contributions	2,269,600	<b>11,774,539</b>	5,844,651
Grants	4,670,142	<b>2,969,345</b>	1,134,014
Penalties on taxes	456,000	<b>475,379</b>	481,408
Investment income	175,000	<b>270,953</b>	352,372
Other	2,582,580	<b>1,769,250</b>	1,425,331
<b>Total revenue</b>	<b>27,637,750</b>	<b>34,311,190</b>	25,059,000
<b>EXPENDITURES</b>			
General government	3,664,087	<b>3,329,547</b>	3,662,406
Protection to persons and property	2,893,745	<b>2,933,613</b>	2,830,121
Transportation services	4,381,400	<b>4,542,210</b>	4,803,300
Environmental services	4,494,513	<b>5,344,422</b>	5,151,370
Recreation and cultural services	6,544,250	<b>4,642,038</b>	4,033,083
Planning and development	2,118,460	<b>1,471,898</b>	1,600,870
<b>Total expenditures</b>	<b>24,096,455</b>	<b>22,263,728</b>	22,081,150
<b>NET REVENUES</b>	3,541,295	<b>12,047,462</b>	2,977,850
Gain on sale of tangible capital assets		<b>6,748</b>	1,973,065
<b>Annual surplus</b>	3,541,295	<b>12,054,210</b>	4,950,915
<b>Accumulated surplus, beginning of year</b>		<b>127,862,880</b>	122,911,965
<b>Accumulated surplus, end of year</b>		<b>139,917,090</b>	127,862,880

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2010

	2010	2009
	\$	\$
<b>CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	12,054,210	4,950,915
Non-cash changes to operations		
Amortization	4,789,315	4,612,934
Contributed tangible capital assets	(10,390,171)	(4,232,115)
Gain on sale of tangible capital assets	(6,748)	(1,973,065)
Changes in non-cash operating working capital		
Prepays	4,446	231,718
Taxes receivable	146,634	(930,204)
User charges receivable	(74,114)	(225,941)
Accounts receivable	(1,874,528)	(555,734)
Accounts payable and accrued liabilities	55,248	1,284,447
Employee and elected official future salaries and benefits payable	47,371	66,313
Deposits and deferred revenue	1,161,415	839,520
Accrued interest on long-term debt	-	(1,834)
Obligatory reserve funds	802,761	1,137,007
	<b>6,715,839</b>	<b>5,203,961</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds from sale of tangible capital assets	26,628	2,207,400
Purchase of tangible capital assets	(6,074,860)	(2,135,554)
	<b>(6,048,232)</b>	<b>71,846</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt with the Region of York	(174,142)	(615,510)
<b>Net increase in cash and cash equivalents during the year</b>	<b>493,465</b>	<b>4,660,297</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>15,254,836</b>	<b>10,594,539</b>
<b>Cash and cash equivalents, end of year</b>	<b>15,748,301</b>	<b>15,254,836</b>
<b>Supplementary information:</b>		
Interest paid	312,959	337,213
Interest received	138,044	104,614

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



## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2010

	2010 \$ (Unaudited)	<b>2010</b> \$	2009 \$
Annual surplus	10,806,170	<b>12,054,210</b>	4,950,915
Acquisition of tangible capital assets	(6,074,860)	<b>(6,074,860)</b>	(2,135,554)
Contributed tangible capital assets	(10,390,171)	<b>(10,390,171)</b>	(4,232,115)
Amortization of tangible capital assets	4,789,315	<b>4,789,315</b>	4,612,934
Proceeds from sale of tangible capital assets	26,628	<b>26,628</b>	2,207,401
Gain on sale of tangible capital assets	(6,748)	<b>(6,748)</b>	(1,973,065)
	(849,666)	<b>398,374</b>	3,430,516
Change in prepaids	-	<b>4,446</b>	231,717
Change in net financial assets	(849,666)	<b>402,820</b>	3,662,233
<b>Net financial assets, beginning of year</b>	9,878,634	<b>9,878,634</b>	6,216,401
<b>Net financial assets, end of year</b>	9,028,968	<b>10,281,454</b>	9,878,634

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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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. It conducts its operations guided by the provisions of provincial statutes such as *Municipal Act*, *Municipal Affairs Act* and related legislation.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town have been 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.

#### **Basis of consolidation**

These consolidated financial statements reflect the assets, liabilities, revenues 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 consolidated financial statements.

All inter-organizational 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 except to record any resulting receivable or payable with the Town at year-end.

#### **Basis of accounting**

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

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with bank, Government of Canada treasury bills, provincial government treasury bills and promissory notes, bankers’ acceptances and bearer deposits that mature within 90 days.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Government transfers**

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.

#### **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 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 sick credits and overtime as they are earned.

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 are accrued for as entitlements are earned.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

	Useful Life - Years
Transportation infrastructure	25-100
Environmental infrastructure	25-100
Facilities	10-40
Vehicles	7-9
Machinery and equipments	5-11
Land Improvements	25-100

Amortization is pro rated to 6 months in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration.

#### (iii) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **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 under the authority of provincial legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue.

#### **Investment income**

Investment income earned is 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.

#### **Budget figures**

The budgets originally approved by the Town for 2010, adjusted as noted below, are reflected on the Consolidated Statement of Operations and the Consolidated Statement of Changes in Net Financial Assets.

- An amount for amortization expense has been added and is based on the actual amortization expense recorded in the year, as amortization was not included in the original council approved budget.
- 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 2. CASH AND CASH EQUIVALENTS

	2010 \$	2009 \$
Unrestricted cash, held at the bank and petty cash	6,796,659	8,264,859
Restricted cash, held at the bank	8,951,642	6,989,977
Total cash and cash equivalents	15,748,301	15,254,836

### 3. ACCOUNTS RECEIVABLE

Accounts receivable include amounts due of \$29,061 (2009 - \$36,910) from certain property owners pursuant to loans extended under the Tile Drainage Act.

### 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.

	2010 \$	2009 \$
Vacation pay and “banked” overtime	265,675	200,189
Council severance	110,074	102,806
Accrued post retirement non-pension benefits	189,812	203,477
Pay for performance program	62,074	73,792
Total Employee future benefits payable	627,635	580,264

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 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. The most recent draft actuarial report was prepared at December 31, 2008. The average remaining service period of the active employees covered by the benefit plan is thirteen years for 2008. As there have been no significant changes in staff composition or claims history, nor have there been any major deviations from the assumptions made for the December 31, 2008 valuation, the 2010 benefit liability was estimated extrapolating from the amount of full time salaries and wages.

#### *General Inflation*

Future general inflation levels were assumed to increase at 2.0% (2009 – 5.0%) per year.

#### *Interest (discount) rate*

The present value of the post employment benefit liability was determined using a discount rate of 5.0% (2009 – 5.0%).

#### *Health costs*

Health costs were assumed to increase at an average increase of 6.7% 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 2009 and thereafter.

### 5. OBLIGATORY RESERVE FUNDS

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

	<b>2010</b>	2009
	\$	\$
Development charges	<b>2,332,622</b>	1,611,912
Parkland	<b>691,977</b>	609,926
<b>Total obligatory reserve funds</b>	<b>3,024,599</b>	2,221,838

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 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:

	2010 \$	2009 \$
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>29,061</b>	36,910
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>(2,700,000)</b>	(2,533,707)
<b>Total net long-term debt with the Region of York</b>	<b>29,061</b>	203,203



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 6. NET LONG-TERM DEBT WITH THE REGION OF YORK (Continued)

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

	\$
2011	5,431
2012	5,804
2013	6,204
2014	3,650
2015	3,870
Thereafter	4,102
<b>Net long-term debt with the Region of York</b>	<b>29,061</b>

The Town anticipates future earnings of sinking funds of \$29,061 (2009 - \$43,592) 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 operations are \$312,959 (2009 - \$337,213).

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. NET TAXATION CHARGES

Net taxation charges consist of the following:

	2010 \$	2009 \$
Total taxes levied by the Town	<b>37,817,727</b>	36,693,148
Less		
Taxes levied on behalf of the Region of York	<b>15,440,907</b>	14,989,009
Taxes levied on behalf of the School Boards	<b>11,662,824</b>	11,116,764
<b>Total net taxation charges</b>	<b>10,713,996</b>	10,587,375

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 8. TANGIBLE CAPITAL ASSETS

Cost	Balance as at	Additions	Disposals/ Transfers	Balance as at
	December 31, 2009			December 31, 2010
	\$	\$	\$	\$
Transportation infrastructure	49,095,960	2,833,348	(318,937)	51,610,371
Environmental infrastructure	79,112,017	3,814,255	(183,210)	82,743,062
Facilities	13,776,265	2,483,171	(15,584)	16,243,852
Vehicles	7,736,873	166,201	(186,671)	7,716,403
Machinery and equipment	2,713,688	427,590	(499,616)	2,641,662
Land improvements	6,137,295	3,034,643	(1,614)	9,170,324
Land	22,123,363	1,935,900		24,059,263
	180,695,461	14,695,108	(1,205,632)	194,184,937
Capital work in progress	888,732	2,336,576	(566,653)	2,658,655
	181,584,193	17,031,684	(1,772,285)	196,843,592
<b>Accumulated amortization</b>				
	Balance as at	Amortization	Disposals	Balance as at
	December 31, 2009	Charge for the year		December 31, 2010
	\$	\$	\$	\$
Transportation infrastructure	20,732,134	1,510,763	(318,936)	21,923,961
Environmental infrastructure	28,170,421	1,624,500	(183,210)	29,611,711
Facilities	7,655,509	399,146	(15,584)	8,039,071
Vehicles	3,641,879	605,334	(166,792)	4,080,421
Machinery and equipment	1,363,462	331,468	(499,616)	1,195,314
Land improvements	2,065,618	318,104	(1,614)	2,382,108
	63,629,023	4,789,315	(1,185,752)	67,232,586
<b>Net book value</b>				
	December 31, 2009			December 31, 2010
	\$			\$
Transportation infrastructure	28,363,826			29,686,410
Environmental infrastructure	50,941,596			53,131,351
Facilities	6,120,756			8,204,781
Vehicles	4,094,994			3,635,982
Machinery and equipment	1,350,226			1,446,348
Land improvements	4,071,677			6,788,216
Land	22,123,363			24,059,263
	117,066,438			126,952,351
Capital work in progress	888,732			2,658,655
	117,955,170			129,611,006



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at December 31, 2010

**8. TANGIBLE CAPITAL ASSETS**

Cost	Balance as at	Additions	Disposals/ Transfers	Balance as at
	December 31, 2008			December 31, 2009
	\$	\$	\$	\$
Transportation infrastructure	48,236,879	1,330,318	(471,237)	49,095,960
Environmental infrastructure	75,886,252	3,336,697	(110,932)	79,112,017
Facilities	13,788,452	9,750	(21,937)	13,776,265
Vehicles	7,564,487	298,580	(126,194)	7,736,873
Machinery and equipment	2,902,130	351,613	(540,055)	2,713,688
Land improvements	5,800,280	337,015	-	6,137,295
Land	22,210,233	89,100	(175,970)	22,123,363
	176,388,713	5,753,073	(1,446,325)	180,695,461
Capital work in progress	274,136	1,042,621	(428,025)	888,732
	176,662,849	6,795,694	(1,874,350)	181,584,193

Accumulated amortization	Balance as at	Amortization	Disposals	Balance as at
	December 31, 2008	Charge for the year		December 31, 2009
	\$	\$	\$	\$
Transportation infrastructure	19,726,762	1,476,609	(471,237)	20,732,134
Environmental infrastructure	26,716,623	1,564,730	(110,932)	28,170,421
Facilities	7,294,598	382,848	(21,937)	7,655,509
Vehicles	3,104,256	607,428	(69,805)	3,641,879
Machinery and equipment	1,560,949	340,591	(538,078)	1,363,462
Land improvements	1,824,890	240,728	-	2,065,618
	60,228,078	4,612,934	(1,211,989)	63,629,023

Net book value	December 31, 2008	December 31, 2009
	\$	\$
Transportation infrastructure	28,510,117	28,363,826
Environmental infrastructure	49,169,629	50,941,596
Facilities	6,493,854	6,120,756
Vehicles	4,460,231	4,094,994
Machinery and equipment	1,341,181	1,350,226
Land improvements	3,975,390	4,071,677
Land	22,210,233	22,123,363
	116,160,635	117,066,438
Capital work in progress	274,136	888,732
	116,434,771	117,955,170

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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### 8. TANGIBLE CAPITAL ASSETS (continued)

#### a) Assets under construction

Assets under construction and other capital work in progress having a value of \$2,658,655 (2009 - \$888,732) have not been amortized. Amortization of these assets will commence when the asset is put into service.

#### b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$10,390,171 (2009 - \$4,232,115).

### 9. CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$5,724,755. These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2010, \$3,394,321 relating to these contracts had not been expended.

### 10. COMMITMENTS

The Town has entered into agreements to lease office equipment and vehicles for various periods until 2011 with minimum lease amounts payable of \$2,933.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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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 \$457,565 (2009 - \$456,205) for the year in respect of the current service.

### 12. 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.

### 13. INSURANCE COVERAGE

The Town is a current member of the Ontario Municipal Insurance Exchange (OMEX) and membership is subject to the terms and conditions of a Reciprocal Agreement. The Town has been a member of OMEX since June 1, 1997. The current policy with OMEX provides a \$5,000 deductible limit per incident. The Town is subject to supplementary assessments in accordance with the terms and conditions set out in the Reciprocal Agreement.

### 14. COMPARATIVE FIGURES

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 15. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2010 \$	2009 \$
<b>Town unallocated surplus</b>	<b>551,793</b>	540,044
<b>Reserves</b>		
Working Capital/Tax Stabilization	2,947,729	2,922,702
Reserve – Planning Act	(478,951)	(339,744)
CPI Development fees	(84,266)	(83,046)
Building Code Enforcement	227,537	68,695
Election	32,829	92,912
Emergency Services Staffing	201,469	-
Insurance	(3,866)	(23,298)
Real Estate Legal & Administration	87,790	120,005
Winter maintenance	100,000	-
General Capital	1,540,680	2,178,886
Public Works Roads	111,128	104,887
Parks Structures	468,002	411,951
Information Technology	127,288	114,874
Vehicle & Equipment Replacement – Tax Levy	891,873	572,326
Buildings	456,383	456,016
Library asset replacement	95,017	79,658
Water Rate Stabilization	576,605	563,295
Sewer Rate Stabilization	(9,330)	(9,915)
Vehicle & Equipment Replacement – Water & Sewer	200,843	158,622
Infrastructure – Water	58,322	291,700
Infrastructure – Sewer	854,789	903,245
Ross Family Bequest	129,026	169,177
Library special	32,924	25,840
Community Capital Contribution		
- Environment & Watershed Enhancement	24,456	31,707
- Ineligible Due to Level of Service	386,325	246,680
- 10% Mandatory DC Reduction	198,467	124,016
- Parkland Acquisition	251,686	160,754
- Administration Facilities	236,409	150,925
- Art & Culture Heritage	122,188	77,999
<b>Total reserves</b>	<b>9,783,352</b>	<b>9,570,869</b>
Investment in tangible capital assets	129,611,006	117,955,170
Less: amount financed by long-term debt	(29,061)	(203,203)
	<b>139,917,090</b>	<b>127,862,880</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

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### 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.

(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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 15. 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 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.

	2010 \$	2009 \$	2010 \$	2009 \$
	CONSOLIDATED		GENERAL GOVERNMENT	
<b>Expenditures</b>				
Salaries and wages	9,108,462	7,869,278	1,556,647	1,081,124
Materials	3,252,172	3,714,561	809,338	1,012,081
Contracted services	5,113,779	5,884,377	710,928	1,308,945
Amortization	4,789,315	4,612,934	252,634	260,256
	22,263,728	22,081,150	3,329,547	3,662,406
<b>Revenues</b>				
Net taxation charges	(10,713,996)	(10,587,375)	(10,711,896)	(10,585,275)
User charges	(6,337,728)	(5,233,849)	(32,251)	(32,661)
Charges to developers	(11,774,539)	(5,844,651)	(2,081,711)	(831,333)
Grants	(2,969,345)	(1,134,014)	(250,794)	(225,700)
Penalties on taxes	(475,379)	(481,408)	(475,379)	(481,408)
Investment income	(270,953)	(352,372)	(270,953)	(352,372)
Other	(1,769,250)	(1,425,331)	(24,479)	(11,205)
	(34,311,190)	(25,059,000)	(13,847,463)	(12,519,954)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

### 15. SEGMENTED INFORMATION (continued)

	2010 \$	2009 \$	2010 \$	2009 \$
	<b>PROTECTION</b>		<b>TRANSPORTATION</b>	
<b>Expenditures</b>				
Salaries and wages	1,982,740	1,843,652	1,609,555	1,301,258
Materials	259,376	282,569	215,474	663,999
Contracted services	246,549	246,691	996,862	1,160,258
Amortization	444,948	457,209	1,720,319	1,677,785
	2,933,613	2,830,121	4,542,210	4,803,300
<b>Revenues</b>				
Net taxation charges	-	-	(2,100)	(2,100)
User charges	(1,136,519)	(563,398)	(232,085)	(235,336)
Charges to developers	-	-	(1,769,218)	(1,368,024)
Grants	-	-	(986,097)	(179,998)
Penalties on taxes	-	-	-	-
Investment income	-	-	-	-
Other	(185,091)	(230,861)	(471,136)	(500,431)
	(1,321,610)	(794,259)	(3,460,636)	(2,285,889)
	<b>ENVIRONMENT</b>		<b>RECREATION</b>	
<b>Expenditures</b>				
Salaries and wages	1,425,739	1,278,780	1,791,300	1,641,457
Materials	206,819	173,176	1,531,774	1,413,748
Contracted services	2,068,255	2,115,574	629,469	389,532
Amortization	1,643,609	1,583,840	656,697	555,212
	5,344,422	5,151,370	4,609,240	3,999,949
<b>Revenues</b>				
Net taxation charges	-	-	-	-
User charges	(3,271,913)	(2,877,237)	(872,396)	(963,517)
Charges to developers	(3,540,201)	(2,960,501)	(4,110,858)	(249,397)
Grants	-	-	(1,665,910)	(545,987)
Penalties on taxes	-	-	-	-
Investment income	-	-	-	-
Other	(20,036)	(69,008)	(908,581)	(565,801)
	(6,832,150)	(5,906,746)	(7,557,745)	(2,324,702)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at December 31, 2010

**15. SEGMENTED INFORMATION (continued)**

	2010 \$	2009 \$	2010 \$	2009 \$
	<b>PLANNING</b>		<b>LIBRARY</b>	
<b>Expenditures</b>				
Salaries and wages	999,666	961,329	708,185	687,261
Materials	32,416	(23,836)	196,975	192,824
Contracted services	439,816	663,377	21,900	-
Amortization	-	-	71,108	78,632
	<u>1,471,898</u>	<u>1,600,870</u>	<u>998,168</u>	<u>958,717</u>
<b>Revenues</b>				
Net taxation charges	-	-	-	-
User charges	(759,928)	(561,700)	(32,636)	-
Charges to developers	(272,551)	(435,396)	-	-
Grants	(34,167)	(150,470)	(997,747)	(957,442)
Penalties on taxes	-	-	-	-
Investment income	-	-	-	-
Other	(139,156)	(1,634)	(20,771)	(46,391)
	<u>(1,205,802)</u>	<u>(1,149,200)</u>	<u>(1,051,154)</u>	<u>(1,003,833)</u>
	<b>ELIMINATION</b>			
<b>Expenditures</b>				
Salaries and wages	(965,370)	(925,583)		
Materials	-	-		
Contracted services	-	-		
Amortization	-	-		
	<u>(965,370)</u>	<u>(925,583)</u>		
<b>Revenues</b>				
Net taxation charges	-	-		
User charges	-	-		
Charges to developers	-	-		
Grants	965,370	925,583		
Penalties on taxes	-	-		
Investment income	-	-		
Other	-	-		
	<u>965,370</u>	<u>925,583</u>		