



Town of
East Gwillimbury

Consolidated Financial Statements

December 31, 2011

Our Town, Our Future

**Town of East Gwillimbury
2011 Consolidated Financial Statements**

*Approved by Council
September 4, 2012*

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

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Mayor Virginia Hackson



Councillor Cathy Morton



Councillor Marlene Johnston



Councillor Tara Roy-DiClemente



Councillor John Eaton



CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2011
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Independent auditor's report

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To the Members of Council, Inhabitants, and Ratepayers of
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, 2011, 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, 2011, 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.

Grant Thornton LLP

Markham, Canada
September 4, 2012

Chartered Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2011

	2011	2010
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (<i>note 3</i>)	15,000,888	15,748,301
Taxes receivable	3,288,167	3,797,462
User charges receivable	1,354,075	1,133,075
Accounts receivable (<i>note 4</i>)	1,695,986	3,134,658
	21,339,116	23,813,496
LIABILITIES		
Accounts payable and accrued liabilities	4,100,031	3,807,950
Employee and elected official future salaries and benefits payable (<i>note 5</i>)	718,438	627,635
Deposits and deferred revenue (<i>note 6</i>)	5,254,965	5,892,829
Accrued interest on long-term debt	7,328	149,968
Obligatory reserve funds (<i>note 7</i>)	2,585,141	3,024,599
Net long-term debt with the Region of York (<i>note 8</i>)	73,630	29,061
	12,739,533	13,532,042
Net financial assets	8,599,583	10,281,454
NON FINANCIAL ASSETS		
Prepays	20,385	24,630
Tangible capital assets (<i>note 10</i>)	132,030,064	129,611,006
	132,050,449	129,635,636
Accumulated surplus (<i>note 17</i>)	140,650,032	139,917,090

Commitments and contingencies (notes 12 and 14)

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, 2011

	2011 Budget \$ (Unaudited)	2011 Actual \$	2010 Actual \$
REVENUE			
Net taxation charges (<i>note 9</i>)	11,509,608	12,174,756	10,713,996
User charges	7,455,940	7,031,607	6,337,728
Charges to developers	2,187,280	2,792,503	11,774,539
Grants	3,908,720	2,078,402	2,969,345
Penalties on taxes	456,000	487,826	475,379
Investment income	132,000	171,765	270,953
Other	3,077,230	765,212	1,769,250
Total revenue	28,726,778	25,502,071	34,311,190
EXPENDITURES			
General government	3,286,800	3,576,668	3,329,547
Protection to persons and property	3,509,981	3,499,656	2,933,613
Transportation services	5,171,390	4,573,880	4,542,210
Environmental services	5,369,691	6,016,530	5,344,422
Recreation and cultural services	6,046,630	5,315,625	4,642,038
Planning and development	2,499,430	1,540,494	1,471,898
Total expenditures	25,883,922	24,522,853	22,263,728
NET REVENUES	2,842,856	979,218	12,047,462
Gain/(Loss) on sale of tangible capital assets	-	(246,276)	6,748
Annual surplus	2,842,856	732,942	12,054,210
Accumulated surplus, beginning of year	-	139,917,090	127,862,880
Accumulated surplus, end of year	-	140,650,032	139,917,090

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

	2011	2010
	\$	\$
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	732,942	12,054,210
Non-cash changes to operations		
Amortization	4,801,330	4,789,315
Contributed tangible capital assets	(255,000)	(10,390,171)
Loss/(Gain) on sale of tangible capital assets	246,276	(6,748)
Changes in non-cash operating working capital		
Prepays	4,245	4,446
Taxes receivable	509,295	146,634
User charges receivable	(221,000)	(74,114)
Accounts receivable	1,438,672	(1,874,528)
Accounts payable and accrued liabilities	292,081	55,248
Employee and elected official future salaries and benefits payable	90,803	47,371
Deposits and deferred revenue	(637,864)	1,161,415
Accrued interest on long-term debt	(142,640)	-
Obligatory reserve funds	(439,458)	802,761
	6,419,682	6,715,839
CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	44,290	26,628
Purchase of tangible capital assets	(7,255,954)	(6,074,860)
	(7,211,664)	(6,048,232)
FINANCING ACTIVITIES		
Proceeds of long term debt with the Region of York	50,000	(174,142)
Repayment of long-term debt with the Region of York	(5,431)	-
	44,569	(174,142)
Net (decrease) increase in cash and cash equivalents	(747,413)	493,465
Cash and cash equivalents, beginning of year	15,748,301	15,254,836
Cash and cash equivalents, end of year	15,000,888	15,748,301
Supplementary information:		
Interest paid	157,360	312,959
Interest received	1,463	138,044

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, 2011

	2011 \$ Budget (Unaudited)	2011 \$	2010 \$
Annual surplus	2,842,856	732,942	12,054,210
Acquisition of tangible capital assets	(7,255,954)	(7,255,954)	(6,074,860)
Transferred tangible capital assets	(255,000)	(255,000)	(10,390,171)
Amortization of tangible capital assets	4,801,329	4,801,330	4,789,315
Proceeds from sale of tangible capital assets	44,290	44,290	26,628
(Gain)/Loss on sale of tangible capital assets	246,276	246,276	(6,748)
	423,797	(1,686,116)	398,374
Change in prepaids	-	4,245	4,446
Change in net financial assets	423,797	(1,681,871)	402,820
Net financial assets, beginning of year	10,281,454	10,281,454	9,878,634
Net financial assets, end of year	10,705,251	8,599,583	10,281,454

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

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, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2011

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, 2011

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 2011, 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, 2011

2 BUDGET RECONCILIATION

The authority of Council is required before moneys 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 to several factors. A supplementary Operating and 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	20,509,978	20,509,978
Principal Payment on Long Term Debt	-	4,650
Transfers to/from other funds	-	(1,570,380)
Capital Budget	8,216,800	8,216,800
Transfers to/from other funds	-	4,596,150
Total Council Approved Budget	28,726,778	31,757,198
Less: Tangible Capital Assets Capitalized	-	(10,523,276)
Plus: Budgeted Amortization Expenses	-	4,650,000
Adjusted Budget per Consolidated Statement of Operations	28,726,778	25,883,922

3 CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Unrestricted cash, held at the bank and petty cash	7,137,201	6,796,659
Restricted cash, held at the bank	7,863,687	8,951,642
Total cash and cash equivalents	15,000,888	15,748,301

Restricted cash is comprised of deposits, deferred revenues and obligatory reserves funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

4 ACCOUNTS RECEIVABLE

Accounts receivable include amounts due of \$73,630 (2010 - \$29,061) from certain property owners pursuant to loans extended under the Tile Drainage Act.

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, 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 liability recorded by the Town has been determined by an actuarial study completed in 2011.

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.

	2011	2010
	\$	\$
Vacation pay and “banked” overtime	284,980	265,675
Council severance	79,437	110,074
Accrued post retirement non-pension benefits	284,454	189,812
Pay for performance program	69,567	62,074
Total Employee future benefits payable	718,438	627,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

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 2012 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, 2011, 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 2.0% (2010 – 2.0%) per year.

Interest (discount) rate

The present value of the post employment benefit liability was determined using a discount rate of 4.25% (2010 – 5.0%).

Health costs

Health costs were assumed to increase at an average increase of 6.667% per year for 2011 and 2012 reducing to 4.0% per year over 8 years.

Dental costs

Dental costs were assumed to increase at an average increase of 4.0% in 2011 and thereafter.

6 DEPOSITS AND DEFERRED REVENUE

The Town has total deposits and deferred revenues of \$5,254,965 (2010 - \$5,892,829). Deferred revenue represents \$2,822,816 with the balance being held as deposits. Deferred revenue is comprised of contributions made to the Town for various specific purposes. The balances in the deferred revenue of the Town are summarized below:

	Beginning Balance	Inflow	Outflows	Ending Balance
Deferred Revenue	\$3,397,155	\$1,950,470	(\$2,524,809)	\$2,822,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

7 OBLIGATORY RESERVE FUNDS

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

	2011	2010
	\$	\$
Development charges, opening balance	2,332,622	1,611,913
Add: Developer contributions	2,209,806	1,795,601
Interest earned	35,003	16,380
Deduct: Amounts used for eligible capital projects	(2,274,500)	(1,091,272)
Development charges, ending balance	2,302,931	2,332,622
Parkland, opening balance	691,977	609,926
Add: Developer contributions	-	184,753
Add: Interest earned	6,051	5,406
Deduct: Amounts used for eligible capital projects	(415,818)	(108,108)
Parkland, ending balance	282,210	691,977
Total obligatory reserve funds	2,585,141	3,024,599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

8 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:

	2011	2010
	\$	\$
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.	23,630	29,061
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 February 2021	50,000	-
Total net long-term debt with the Region of York	73,630	29,061

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

8 NET LONG-TERM DEBT WITH THE REGION OF YORK (Continued)

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

	\$
2012	9,598
2013	10,225
2014	7,913
2015	8,388
2016	8,891
Thereafter	28,615
Net long-term debt with the Region of York	73,630

Total interest charges for the year for net long-term debt included in the consolidated statement of operations are \$2,110 (2010 - \$312,959).

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.

9 NET TAXATION CHARGES

Net taxation charges consist of the following:

	2011 \$	2010 \$
Total taxes levied by the Town	38,031,409	37,817,727
Less		
Taxes levied on behalf of the Region of York	15,445,292	15,440,907
Taxes levied on behalf of the School Boards	10,411,361	11,662,824
Total net taxation charges	12,174,756	10,713,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

10 TANGIBLE CAPITAL ASSETS

Cost	Balance as at	Additions	Disposals/ Transfers	Balance as at
	December 31, 2010			December 31, 2011
	\$	\$	\$	\$
Transportation infrastructure	51,610,372	1,418,363	(385,577)	52,643,158
Environmental infrastructure	82,743,063	363,477	(210,804)	82,895,736
Facilities	16,243,852	267,493	(79,305)	16,432,040
Vehicles	7,716,403	653,285	(639,793)	7,729,895
Machinery and equipment	2,641,662	458,247	(248,098)	2,851,811
Land improvements	9,170,324	1,721,011	(199,395)	10,691,940
Land	24,059,263	255,000	-	24,314,263
	194,184,939	5,136,876	(1,762,972)	197,558,841
Capital work in progress	2,658,655	4,432,209	(2,058,131)	5,032,733
	196,843,594	9,569,085	(3,821,103)	202,591,576

Accumulated amortization	Balance as at	Amortization	Disposals	Balance as at
	December 31, 2010	Charge for the year		December 31, 2011
	\$	\$	\$	\$
Transportation infrastructure	21,923,961	1,563,265	(376,130)	23,111,096
Environmental infrastructure	29,611,711	1,422,718	(179,817)	30,854,612
Facilities	8,039,071	419,598	(21,412)	8,437,257
Vehicles	4,080,421	613,776	(473,041)	4,221,156
Machinery and equipment	1,195,314	358,212	(247,926)	1,305,600
Land improvements	2,382,108	423,761	(174,078)	2,631,791
	67,232,586	4,801,330	(1,472,404)	70,561,512

Net book value	December 31, 2010	December 31, 2011
	\$	\$
Transportation infrastructure	29,686,410	29,532,063
Environmental infrastructure	53,131,351	52,041,123
Facilities	8,204,781	7,994,784
Vehicles	3,635,982	3,508,739
Machinery and equipment	1,446,348	1,546,211
Land improvements	6,788,216	8,060,150
Land	24,059,263	24,314,263
	126,952,351	126,997,333
Capital work in progress	2,658,655	5,032,731
	129,611,006	132,030,064



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

10 TANGIBLE CAPITAL ASSETS (continued)

a) Assets under construction

Assets under construction and other capital work in progress having a value of \$5,032,733 (2010 - \$2,658,655) 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 \$255,000 (2010 - \$10,390,171).

11 CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$4,177,535. These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2011, \$92,795 relating to these contracts had not been expended.

12 COMMITMENTS

The Town has entered into agreements to lease office equipment and vehicles for various periods until 2014 with minimum lease amounts payable of \$13,469.

13 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 \$553,935 (2010 - \$457,565) for the year in respect of the current service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

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

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.

16 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, 2011

17 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2011	2010
	\$	\$
Town unallocated surplus		551,793
Reserves		
Working Capital/Tax Stabilization	2,997,388	2,947,729
Reserve – Planning Act	(1,030,546)	(478,951)
CPI Development fees	(181,591)	(84,266)
Building Code Enforcement	426,337	227,537
Election	53,490	32,829
Emergency Services	251,575	201,469
Insurance	15,962	(3,866)
Real Estate Legal & Administration	50,149	87,790
Winter maintenance	132,250	100,000
Farmers Market	4,789	-
General Capital	428,905	1,540,680
Public Works Roads	112,517	111,128
Parks Structures	287,788	468,002
Information Technology	150,181	127,288
Vehicle & Equipment Replacement – Tax Levy	1,046,430	891,873
Buildings	596,285	456,383
Library asset replacement	105,131	95,017
Water & Sewer Rate Stabilization	574,366	567,275
Vehicle & Equipment Replacement – Water & Sewer	180,414	200,843
Infrastructure – Water & Sewer	635,426	913,111
Ross Family Bequest	5,711	129,026
Library special	16,825	32,924
Community Capital Contribution		
- Environment & Watershed Enhancement	39,294	24,456
- Ineligible Due to Level of Service	558,797	386,325
- 10% Mandatory DC Reduction	276,986	198,467
- Parkland Acquisition	364,662	251,686
- Administration Facilities	342,945	236,409
- Art & Culture Heritage	177,502	122,188
Total reserves	8,619,968	9,783,352
Investment in tangible capital assets	132,030,064	129,611,006
Less: amount financed by long-term debt	-	(29,061)
	140,650,032	139,917,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

18 SEGMENTED INFORMATION

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

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

(a) *General government*

All support staff and services are included here such as Town Council, the Office of the CAO, Clerks 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, 2011

18 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.

	2011 \$	2010 \$	2011 \$	2010 \$
	CONSOLIDATED		GENERAL GOVERNMENT	
Expenditures				
Salaries and wages	10,125,547	9,108,462	1,806,070	1,556,647
Materials	4,259,501	3,252,172	737,070	809,338
Contracted services	5,336,476	5,113,781	779,825	710,930
Amortization	4,801,329	4,789,313	253,703	252,632
	24,522,853	22,263,728	3,576,668	3,329,547
Revenues				
Net taxation charges	(12,174,756)	(10,713,996)	(12,172,656)	(10,711,896)
User charges	(7,031,607)	(6,337,728)	(40,600)	(32,251)
Charges to developers	(2,792,503)	(11,774,539)	(787,347)	(2,081,711)
Grants	(2,078,402)	(2,969,345)	(237,421)	(250,794)
Penalties on taxes	(487,826)	(475,379)	(487,826)	(475,379)
Investment income	(171,765)	(270,953)	(171,765)	(270,953)
Other	(765,212)	(1,769,250)	(40,683)	(24,479)
	(25,502,071)	(34,311,190)	(13,938,298)	(13,847,463)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

18 SEGMENTED INFORMATION (continued)

	2011 \$	2010 \$	2011 \$	2010 \$
	PROTECTION		TRANSPORTATION	
Expenditures				
Salaries and wages	2,369,272	1,982,740	1,679,694	1,609,555
Materials	863,497	259,376	406,726	215,474
Contracted services	(189,733)	246,549	717,750	996,862
Amortization	456,620	444,948	1,769,709	1,720,319
	<u>3,499,656</u>	<u>2,933,613</u>	<u>4,573,879</u>	<u>4,542,210</u>
Revenues				
Net taxation charges	-	-	-	(2,100)
User charges	(1,290,991)	(1,136,519)	(484,574)	(232,085)
Charges to developers	(45,854)	-	(134,641)	(1,769,218)
Grants	-	-	(975,962)	(986,097)
Penalties on taxes	-	-	-	-
Investment income	-	-	-	-
Other	(176,811)	(185,091)	(86,776)	(471,136)
	<u>(1,513,656)</u>	<u>(1,321,610)</u>	<u>(1,681,953)</u>	<u>(3,460,636)</u>
	ENVIRONMENT		RECREATION	
Expenditures				
Salaries and wages	1,333,503	1,425,739	1,946,680	1,791,300
Materials	229,481	206,819	1,850,511	1,531,774
Contracted services	3,004,297	2,068,255	674,933	629,469
Amortization	1,449,250	1,643,609	797,260	656,697
	<u>6,016,531</u>	<u>5,344,422</u>	<u>5,269,384</u>	<u>4,609,240</u>
Revenues				
Net taxation charges	(2,100)	-	-	-
User charges	(3,996,828)	(3,271,913)	(906,091)	(872,396)
Charges to developers	(9,350)	(3,540,201)	(1,783,299)	(4,110,858)
Grants	-	-	(701,456)	(1,665,910)
Penalties on taxes	-	-	-	-
Investment income	-	-	-	-
Other	(111,074)	(20,036)	(74,332)	(908,581)
	<u>(4,119,352)</u>	<u>(6,832,150)</u>	<u>(3,465,178)</u>	<u>(7,557,745)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

18 SEGMENTED INFORMATION (continued)

	2011 \$	2010 \$	2011 \$	2010 \$
	PLANNING		LIBRARY	
Expenditures				
Salaries and wages	1,215,985	999,666	810,337	708,185
Materials	(18,645)	32,416	190,861	196,975
Contracted services	343,153	439,816	6,250	21,900
Amortization	-	-	74,787	71,108
	<u>1,540,493</u>	<u>1,471,898</u>	<u>1,082,235</u>	<u>998,168</u>
Revenues				
Net taxation charges	-	-	-	-
User charges	(292,317)	(759,928)	(20,206)	(32,636)
Charges to developers	(32,012)	(272,551)	-	-
Grants	(104,432)	(34,167)	(1,095,125)	(997,747)
Penalties on taxes	-	-	-	-
Investment income	-	-	-	-
Other	(262,547)	(139,156)	(12,989)	(20,771)
	<u>(691,308)</u>	<u>(1,205,802)</u>	<u>(1,128,320)</u>	<u>(1,051,154)</u>
	ELIMINATION			
Expenditures				
Salaries and wages	(1,035,994)	(965,370)		
Materials	-	-		
Contracted services	-	-		
Amortization	-	-		
	<u>(1,035,994)</u>	<u>(965,370)</u>		
Revenues				
Net taxation charges	-	-		
User charges	-	-		
Charges to developers	-	-		
Grants	1,035,994	965,370		
Penalties on taxes	-	-		
Investment income	-	-		
Other	-	-		
	<u>1,035,994</u>	<u>965,370</u>		