

Town of
East Gwillimbury

Consolidated Financial Statements
December 31, 2012

Our Town, Our Future

**Town of East Gwillimbury
2012 Consolidated Financial Statements**

*Approved by Council
June 24, 2013*

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

(905) 478-4282

www.eastgwillimbury.ca

**Thinking
Green!*



Mayor Virginia Huckson



Councillor Cathy Morton



Councillor Marlene Johnston



Councillor Tara Roy-DiClemente



Councillor John Eaton

**Character
Community**



CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

TABLE OF CONTENTS

	Page #
Independent auditor's report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Change in Net Financial Assets	6
Notes to the Consolidated Financial Statements	7-25



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

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

Independent Auditor's Report

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

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, 2012, and the consolidated statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Other Matters

The consolidated financial statements of the Town of East Gwillimbury for the year ended December 31, 2011, were audited by another auditor who expressed an unqualified opinion on those statements on September 4, 2012.



Chartered Accountants, Licensed Public Accountants
Alliston, Ontario
June 23, 2013



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

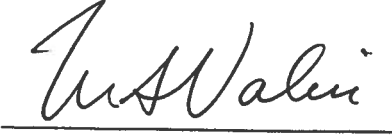
As at December 31, 2012

	2012	2011
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>(note 3)</i>	20,015,059	15,000,888
Taxes receivable	3,708,563	3,288,167
User charges receivable	1,654,724	1,354,075
Accounts receivable <i>(note 4)</i>	932,434	1,695,986
	26,310,780	21,339,116
LIABILITIES		
Accounts payable and accrued liabilities	5,237,147	4,100,031
Employee and elected official future salaries and benefits payable <i>(note 5)</i>	833,114	718,438
Deposits and deferred revenue <i>(note 6)</i>	6,722,802	4,409,853
Accrued interest on long-term debt	7,328	7,328
Obligatory reserve funds <i>(note 7)</i>	3,675,543	3,430,253
Net long-term debt with the Region of York <i>(note 8)</i>	64,032	73,630
	16,539,966	12,739,533
Net financial assets	9,770,814	8,599,583
NON FINANCIAL ASSETS		
Prepays	183,674	20,385
Tangible capital assets <i>(note 10)</i>	129,275,811	132,030,064
	129,459,485	132,050,449
Accumulated surplus <i>(note 17)</i>	139,230,299	140,650,032

Commitments and contingencies (notes 12 and 14)



 Mayor



 Treasurer

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

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2012

	2012 Budget \$ (note 2)	2012 Actual \$	2011 Actual \$
REVENUE			
Net taxation charges (note 9)	12,093,993	12,862,951	12,174,756
User charges	7,788,888	7,998,878	7,031,607
Charges to developers	2,748,901	1,178,022	2,792,503
Grants	1,836,413	1,920,458	2,078,402
Penalties on taxes	456,000	479,186	487,826
Investment income	132,000	239,930	171,765
Other	3,816,147	1,065,580	765,212
Total revenue	28,872,342	25,745,005	25,502,071
EXPENSES			
General government	4,339,117	3,527,546	3,576,668
Protection to persons and property	4,137,782	3,845,940	3,499,656
Transportation services	7,086,658	5,462,150	4,573,880
Environmental services	5,745,974	6,490,909	6,016,530
Recreation and cultural services	7,129,689	6,168,647	5,315,625
Planning and development	2,787,375	1,681,274	1,540,494
Total expenses	31,226,595	27,176,466	24,522,853
NET REVENUES/(EXPENSES)	(2,354,253)	(1,431,461)	979,218
Gain/(Loss) on sale of tangible capital assets	-	11,728	(246,276)
Annual surplus/(deficit)	(2,354,253)	(1,419,733)	732,942
Accumulated surplus, beginning of year	140,650,032	140,650,032	139,917,090
Accumulated surplus, end of year	138,295,779	139,230,299	140,650,032

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

	2012	2011
	\$	\$
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	(1,419,733)	732,942
Non-cash changes to operations		
Amortization	5,567,101	4,801,330
Contributed tangible capital assets	(205,000)	(255,000)
Loss/(Gain) on sale of tangible capital assets	(11,728)	246,276
Changes in non-cash operating working capital		
Taxes receivable	(420,396)	509,295
User charges receivable	(300,649)	(221,000)
Accounts receivable	763,552	1,438,672
Accounts payable and accrued liabilities	1,137,116	292,081
Employee and elected official future salaries and benefits payable	114,676	90,803
Deposits and deferred revenue	2,312,949	(637,864)
Accrued interest on long-term debt	-	(142,640)
Obligatory reserve funds	245,290	(439,458)
Prepays	(163,289)	4,245
	7,619,889	6,419,682
CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	17,345	44,290
Purchase of tangible capital assets	(2,613,465)	(7,255,954)
	(2,596,120)	(7,211,664)
FINANCING ACTIVITIES		
Proceeds of long-term debt with the Region of York	-	50,000
Repayment of long-term debt with the Region of York	(9,598)	(5,431)
	(9,598)	44,569
Net increase (decrease) in cash and cash equivalents during the year	5,014,171	(747,413)
Cash and cash equivalents, beginning of year	15,000,888	15,748,301
Cash and cash equivalents, end of year	20,015,059	15,000,888

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, 2012

	2012 \$ Budget (note 2)	2012 \$ Actual	2011 \$ Actual
Annual surplus/(deficit)	(2,354,253)	(1,419,733)	732,942
Acquisition of tangible capital assets	(3,354,440)	(2,613,465)	(7,255,954)
Transferred tangible capital assets	-	(205,000)	(255,000)
Amortization of tangible capital assets	5,190,024	5,567,101	4,801,330
Proceeds from sale of tangible capital assets	-	17,345	44,290
(Gain)/Loss on sale of tangible capital assets	-	(11,728)	246,276
	(518,669)	1,334,520	(1,686,116)
Change in prepaids	-	(163,289)	4,245
Change in net financial assets	(518,669)	1,171,231	(1,681,871)
Net financial assets, beginning of year	8,599,583	8,599,583	10,281,454
Net financial assets, end of year	8,080,914	9,770,814	8,599,583

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The Town of East Gwillimbury (the "Town") is a lower-tier municipality located in York Region within the Greater Toronto Area of the Province of Ontario. It provides essential infrastructure and services to its residents, including local roads, water distribution and sewage collection, recreational facilities, libraries, emergency services, and waste collection. The Town is governed by a municipal council comprised of 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.

Management's responsibility for the financial statements

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

Basis of consolidation

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

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

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

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

Basis of accounting

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank and short-term guaranteed investment certificates.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

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 PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The principle estimates used in the preparation of these financial statements include allowance for doubtful accounts, the useful life and valuation of tangible capital assets, employee future benefits and accrued liabilities. Actual results could differ from those estimates as additional information becomes available in the future.

Employee future benefits

Employee future benefits include health and basic dental coverage that the Town pays on behalf of its current and retired employees. The Town records these future benefits as they are earned during the employee's tenure of service. The Town also estimates future benefits relating to accumulated vacation and overtime as they are earned but not yet paid.

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Vacation entitlements are accrued for as entitlements are earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-financial assets

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

(i) Tangible capital assets

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

	Useful Life - Years
Transportation infrastructure	5-100
Environmental infrastructure	15-100
Facilities	10-40
Vehicles	7-20
Machinery and equipments	3-25
Land improvements	25-100

Amortization is pro rated to 6 months in the year of acquisition and in the year of disposal. Capital work in progress is not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt when fair value can be reasonably estimated. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at 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, 2012

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, parkland and Federal Gas Tax funding under the authority of provincial and federal legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue.

Investment income

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

Budget figures

The budgets originally approved by the Town for 2012, 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 STATEMENTSAs at December 31, 2012

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

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

Revenue recognition

Taxes are recognized as revenue in the year they are levied.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

2 BUDGET RECONCILIATION

The authority of Council is required before monies can be spent by the Municipality. Approvals are given in the form of an annual budget. The budget approved by Council differs from the budget in the Consolidated Statement of Operations. The difference is due 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	21,562,328	21,565,324
Principal Payment on Long Term Debt	-	3,000
Transfers to/from other funds	-	(1,965,238)
Capital Budget	7,310,014	7,310,014
Transfers to/from other funds	-	2,477,911
Total Council Approved Budget	28,872,342	29,391,011
Less: Tangible Capital Assets Capitalized	-	(3,354,440)
Plus: Budgeted Amortization Expenses	-	5,190,024
Adjusted Budget per Consolidated Statement of Operations	28,872,342	31,226,595

3 CASH AND CASH EQUIVALENTS

	2012 \$	2011 \$
Unrestricted cash, held at the bank and petty cash	9,597,410	7,137,201
Restricted cash, held at the bank	10,417,649	7,863,687
Total cash and cash equivalents	20,015,059	15,000,888

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

4 ACCOUNTS RECEIVABLE

Accounts receivable include amounts due of \$60,011 (2011 - \$73,630) from certain property owners pursuant to loans extended under the Tile Drainage Act. These loans have various maturity dates ranging from 2013 to 2021 and an interest effective rate of 6%.

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 and extrapolated for 2012.

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.

	2012	2011
	\$	\$
Vacation pay and “banked” overtime	373,562	284,980
Council severance	87,122	79,437
Accrued post retirement non-pension benefits	300,672	284,454
Pay for performance program	71,758	69,567
Total Employee future benefits payable	833,114	718,438



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

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 2013 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, 2012, 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% (2011 – 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 % (2011 – 4.25%).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

6 DEPOSITS AND DEFERRED REVENUE

The Town has total deposits and deferred revenues of \$6,722,802 (2011 – 4,409,853). Deferred revenue represents \$2,321,747 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	\$1,977,703	\$901,606	(\$557,562)	\$2,321,747

7 OBLIGATORY RESERVE FUNDS

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

	2012 \$	2011 \$
Development charges, opening balance	2,302,931	2,332,622
Add: Developer contributions	1,191,809	2,209,806
Interest earned	29,894	35,003
Deduct: Amounts used for eligible capital projects	(1,014,692)	(2,274,500)
Development charges, ending balance	2,509,942	2,302,931
Parkland, opening balance	282,210	691,977
Add: Developer contributions	22,241	-
Add: Interest earned	3,514	6,051
Deduct: Amounts used for eligible capital projects	(24,424)	(415,818)
Parkland, ending balance	283,541	282,210
Federal Gas Tax, opening balance	845,112	1,092,691
Add: Allocation received	646,292	646,292
Add: Interest earned	10,728	12,036
Deduct: Amounts used for eligible capital projects	(620,072)	(905,907)
Federal Gas Tax, ending balance	882,060	845,112
Total obligatory reserve funds	3,675,543	3,430,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

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:

	2012 \$	2011 \$
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 2013 and has an interest rate of 6%.	2,760	5,316
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 and has an interest rate of 6%.	15,065	18,314
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 and has an interest rate of 6%.	46,207	50,000
Total net long-term debt with the Region of York	64,032	73,630

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

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

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

	\$
2013	10,225
2014	7,913
2015	8,388
2016	8,891
2017	5,076
Thereafter	23,540
Net long-term debt with the Region of York	64,032

Total interest charges for the year for net long-term debt included in the consolidated statement of operations are \$4,524 (2011 - \$2,110).

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:

	2012 \$	2011 \$
Total taxes levied by the Town	40,813,546	38,031,409
Less		
Taxes levied on behalf of the Region of York	16,594,989	15,445,292
Taxes levied on behalf of the School Boards	11,355,606	10,411,361
Total net taxation charges	12,862,951	12,174,756



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

10 TANGIBLE CAPITAL ASSETS

Cost	Balance as at	Additions	Disposals/ Transfers	Balance as at
	December 31, 2011			December 31, 2012
	\$	\$	\$	\$
Transportation infrastructure	52,643,158	564,766	(325,918)	52,882,006
Environmental infrastructure	82,895,734	61,905	(119,071)	82,838,568
Facilities	16,432,040	105,059	-	16,537,099
Vehicles	7,729,895	60,642	(50,000)	7,740,537
Machinery and equipment	2,851,811	575,953	(141,406)	3,286,358
Land improvements	10,691,940	470,952	-	11,162,893
Land	24,314,263	205,000	-	24,519,263
	197,558,842	2,044,277	(636,395)	198,966,724
Capital work in progress	5,032,731	1,091,356	(317,165)	5,806,922
	202,591,573	3,135,633	(953,562)	204,773,646
Accumulated amortization				
	Balance as at	Amortization	Disposals	Balance as at
	December 31, 2011	Charge for the year		December 31, 2012
	\$	\$	\$	\$
Transportation infrastructure	23,111,095	1,604,889	(320,653)	24,395,331
Environmental infrastructure	30,854,611	1,648,965	(119,071)	32,384,505
Facilities	8,437,256	923,002	-	9,360,258
Vehicles	4,221,157	561,909	(50,000)	4,733,066
Machinery and equipment	1,305,600	382,613	(141,051)	1,547,162
Land improvements	2,631,790	445,723	-	3,077,513
	70,561,509	5,567,101	(630,775)	75,497,835
Net book value				
	December 31, 2011			December 31, 2012
	\$			\$
Transportation infrastructure	29,532,063			28,486,675
Environmental infrastructure	52,041,123			50,454,063
Facilities	7,994,784			7,176,841
Vehicles	3,508,739			3,007,471
Machinery and equipment	1,546,211			1,739,196
Land improvements	8,060,150			8,085,380
Land	24,314,263			24,519,263
	126,997,333			123,468,889
Capital work in progress	5,032,731			5,806,922
	132,030,064			129,275,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSAs at December 31, 2012

10 TANGIBLE CAPITAL ASSETS (continued)**a) Assets under construction**

Assets under construction and other capital work in progress having a value of \$5,086,922 (2011 - \$5,032,731) 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 \$205,000 (2011 - \$255,000).

11 CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$1,664,526 (2011 - \$4,177,535). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2012, \$629,676 (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 2017 with minimum lease amounts payable of \$82,408.

13 PENSION PLAN

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2012. The results of this valuation disclosed total actuarial liabilities of \$69,122 million in respect of benefits accrued for service with actuarial assets at that date of \$59,198 million indicating an actuarial deficit of \$9,924 million.

Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Town to OMERS for 2012 were \$711,120 (2011 - \$553,935).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

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

Effectively January 1, 2012, the Town retained the services of BFL Canada Risk and Insurance Services Inc. to provide insurance and risk management services. The current policy provides a \$10,000 deductible limit per incident. The Town was a member of the Ontario Municipal Insurance Exchange (OMEX) from June 1, 1997 to December 31, 2011. Subject to the terms and conditions of the OMEX Reciprocal Agreement, the Town may be subject to supplementary assessments or liabilities that relate to underwriting periods the Town participated in as a member.

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, 2012

17 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2012	2011
	\$	\$
Reserves		
Working Capital/Tax Stabilization	2,973,198	2,997,388
Reserve – Planning Act	(1,447,965)	(1,030,546)
CPI Development fees	(378,425)	(181,591)
Building Code Enforcement	298,535	426,337
Election	74,283	53,490
Emergency Services	254,720	251,575
Insurance	35,914	15,962
Real Estate Legal & Administration	12,277	50,149
Winter maintenance	133,903	132,250
Farmers Market	8,361	4,789
General Capital	602,336	428,905
Public Works Roads	113,923	112,517
Parks Structures	188,371	287,788
Information Technology	116,829	150,181
Vehicle & Equipment Replacement – Tax Levy	1,786,829	1,046,430
Buildings	885,951	596,285
Library asset replacement	79,455	105,131
Water & Sewer Rate Stabilization	581,545	574,366
Vehicle & Equipment Replacement – Water & Sewer	229,090	180,414
Infrastructure – Water & Sewer	1,414,293	635,426
Ross Family Bequest	-	5,711
Library special	23,684	16,825
Community Capital Contribution		
- Environment & Watershed Enhancement	51,587	39,294
- Ineligible Due to Level of Service	658,223	558,797
- 10% Mandatory DC Reduction	292,167	276,986
- Parkland Acquisition	429,498	364,662
- Administration Facilities	404,011	342,945
- Art & Culture Heritage	131,895	177,502
Total reserves	9,954,488	8,619,968
Investment in tangible capital assets	129,275,811	132,030,064
	139,230,299	140,650,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

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, 2012

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.

	2012 \$	2011 \$	2012 \$	2011 \$
	CONSOLIDATED		GENERAL GOVERNMENT	
Expenses				
Salaries and wages	11,389,695	10,125,547	1,908,232	1,806,070
Materials	4,036,338	4,259,501	775,556	737,070
Contracted services	6,183,332	5,336,476	587,581	779,825
Amortization	5,567,101	4,801,329	256,177	253,703
	27,176,466	24,522,853	3,527,546	3,576,668
Revenues				
Net taxation charges	(12,862,951)	(12,174,756)	(12,862,951)	(12,172,656)
User charges	(7,998,878)	(7,031,607)	(51,911)	(40,600)
Charges to developers	(1,178,023)	(2,792,503)	(509,359)	(787,347)
Grants	(1,920,458)	(2,078,402)	(260,565)	(237,421)
Penalties on taxes	(479,186)	(487,826)	(479,186)	(487,826)
Investment income	(239,930)	(171,765)	(239,930)	(171,765)
Other	(1,065,580)	(765,212)	(144,516)	(40,683)
	(25,745,005)	(25,502,071)	(14,518,418)	(13,938,298)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

18 SEGMENTED INFORMATION (continued)

	2012	2011	2012	2011
	\$	\$	\$	\$
	PROTECTION		TRANSPORTATION	
Expenses				
Salaries and wages	2,842,207	2,369,272	1,976,142	1,679,694
Materials	276,203	863,497	578,096	406,727
Contracted services	301,066	(189,733)	1,095,551	717,750
Amortization	426,464	456,620	1,812,361	1,769,709
	<u>3,845,940</u>	<u>3,499,656</u>	<u>5,462,150</u>	<u>4,573,880</u>
Revenues				
User charges	(945,778)	(1,290,991)	(541,301)	(484,574)
Charges to developers	(40,951)	(45,854)	(35,926)	(134,641)
Grants	-	-	(864,034)	(975,962)
Other	(199,876)	(176,811)	(96,749)	(86,776)
	<u>(1,186,605)</u>	<u>(1,513,656)</u>	<u>(1,538,010)</u>	<u>(1,681,953)</u>
	ENVIRONMENT		RECREATION	
Expenses				
Salaries and wages	1,474,072	1,333,503	2,260,773	1,946,680
Materials	329,774	229,480	1,857,187	1,850,511
Contracted services	3,012,022	3,004,297	447,610	674,933
Amortization	1,675,041	1,449,250	1,568,074	797,260
	<u>6,490,909</u>	<u>6,016,530</u>	<u>6,133,644</u>	<u>5,269,384</u>
Revenues				
Net taxation charges	-	(2,100)	-	-
User charges	(5,084,538)	(3,996,828)	(961,362)	(906,091)
Charges to developers	(43,307)	(9,350)	(165,559)	(1,783,299)
Grants	-	-	(727,218)	(701,456)
Other	(452,988)	(111,074)	(56,920)	(74,332)
	<u>(5,580,833)</u>	<u>(4,119,352)</u>	<u>(1,911,059)</u>	<u>(3,465,178)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

18 SEGMENTED INFORMATION (continued)

	2012 \$	2011 \$	2012 \$	2011 \$
	PLANNING		LIBRARY	
Expenses				
Salaries and wages	1,213,076	1,215,985	826,160	810,337
Materials	(6,993)	(18,644)	226,515	190,861
Contracted services	475,191	343,153	4,250	6,250
Amortization	-	-	89,044	74,787
	1,681,274	1,540,494	1,145,969	1,082,235
Revenues				
User charges	(390,050)	(292,317)	(23,938)	(20,206)
Charges to developers	(382,921)	(32,012)	-	-
Grants	(27,043)	(104,432)	(1,152,564)	(1,095,125)
Other	(129,735)	(262,547)	(14,794)	(12,989)
	(929,749)	(691,308)	(1,215,369)	(1,128,320)
	ELMINATION			
Expenses				
Salaries and wages	(1,110,966)	(1,035,994)		
	(1,110,966)	(1,035,994)		
Revenues				
Grants	1,110,966	1,035,994		
	1,110,966	1,035,994		