



Town of
East Gwillimbury

Consolidated Financial Statements
December 31, 2014

Our Town, Our Future

**Town of East Gwillimbury
2014 Consolidated Financial Statements**

*Approved by Council
September 22, 2015*

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

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Mayor Virginia Hackson



Councillor James R. Young



Councillor Tara Roy-DiClemente



Councillor Marlene Johnston



Councillor Joe Persechini





CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

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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, 2014, 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

BDO Canada Ltd

Chartered Professional Accountants, Licensed Public Accountants
Alliston, Ontario
September 22, 2015

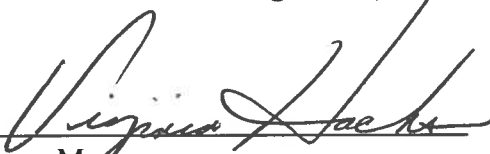


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	19,785,370	17,082,333
Taxes receivable	3,270,907	3,840,896
User charges receivable	1,564,783	1,590,553
Accounts receivable (note 4)	2,405,406	735,647
	27,026,466	23,249,429
LIABILITIES		
Accounts payable and accrued liabilities	6,002,500	4,381,232
Obligations under tangible capital lease (note 9)	406,666	-
Employee and elected official future salaries and benefits payable (note 5)	800,862	768,567
Deposits and deferred revenue (note 6)	6,289,701	6,370,844
Obligatory reserve funds (note 7)	3,408,995	3,797,982
Net long-term debt with the Region of York (note 8)	45,895	53,807
	16,954,619	15,372,432
Net financial assets	10,071,847	7,876,997
NON FINANCIAL ASSETS		
Prepays	640,477	267,769
Tangible capital assets (note 12)	131,841,975	128,363,580
	132,482,452	128,631,349
Accumulated surplus (note 18)	142,554,299	136,508,346

Commitments and contingencies (notes 14 and 16)


 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, 2014

	2014 Budget \$ (note 2)	2014 Actual \$	2013 Actual \$
REVENUE			
Net taxation charges (note 10)	14,016,448	14,478,385	13,606,054
User charges	10,760,427	10,913,112	8,423,451
Charges to developers	8,490,966	6,141,318	4,667,869
Government transfers (note 11)	1,906,655	1,411,062	1,267,729
Penalties on taxes	456,000	515,709	469,492
Investment income	175,000	229,807	219,900
Other	2,689,962	1,099,932	1,419,656
Total revenue	38,495,458	34,789,325	30,074,151
EXPENSES (note 19)			
General government	5,450,441	4,727,990	3,615,912
Protection to persons and property	4,872,128	4,537,187	4,036,638
Transportation services	5,413,842	5,727,042	5,552,598
Environmental services	7,739,511	6,978,304	7,113,066
Recreation and cultural services	6,181,555	6,632,156	6,259,357
Planning and development	3,713,119	1,516,283	1,703,043
Total expenses	33,370,596	30,118,962	28,280,614
NET REVENUES	5,124,862	4,670,363	1,793,537
Gain (loss) on disposal of tangible capital assets (note 20)	-	1,375,590	(419,259)
Annual surplus	5,124,862	6,045,953	1,374,278
Accumulated surplus, beginning of year	136,508,346	136,508,346	135,134,068
Accumulated surplus, end of year	141,633,208	142,554,299	136,508,346

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	2014	2013
	\$	\$
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	6,045,953	1,374,278
Non-cash changes to operations		
Amortization	5,294,469	5,140,948
Contributed tangible capital assets	-	(41,287)
Loss (gain) on disposal of tangible capital assets	(1,375,590)	419,259
Changes in non-cash operating working capital		
Taxes receivable	569,989	(132,333)
User charges receivable	25,770	64,172
Accounts receivable	(1,669,759)	196,787
Accounts payable and accrued liabilities	1,621,268	(855,916)
Employee and elected official future salaries and benefits payable	32,295	(64,547)
Deposits and deferred revenue	(81,143)	(4,965,180)
Accrued interest on long-term debt	-	(7,328)
Obligatory reserve funds	(388,987)	122,439
Prepays	(372,708)	(84,095)
	9,701,557	1,167,197
CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	2,789,734	49,668
Purchase of tangible capital assets	(9,730,788)	(4,139,366)
	(6,941,054)	(4,089,698)
FINANCING ACTIVITIES		
Repayment of long-term debt with the Region of York	(7,912)	(10,225)
Repayment of tangible capital lease	(49,554)	-
	(57,466)	(10,225)
Net increase (decrease) in cash and cash equivalents during the year	2,703,037	(2,932,726)
Cash and cash equivalents, beginning of year	17,082,333	20,015,059
Cash and cash equivalents, end of year	19,785,370	17,082,333

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, 2014

	2014 \$ Budget (note 2)	2014 \$ Actual	2013 \$ Actual
Annual surplus	5,124,862	6,045,953	1,374,278
Acquisition of tangible capital assets	(11,236,845)	(9,730,788)	(4,139,366)
Acquisition of tangible leased assets	-	(456,220)	-
Contributed tangible capital assets	-	-	(41,287)
Amortization of tangible capital assets	5,294,469	5,294,469	5,140,948
Proceeds from disposal of tangible capital assets	-	2,789,734	49,668
Loss (gain) on sale of tangible capital assets	-	(1,375,590)	419,259
	(817,514)	2,567,558	2,803,500
Change in prepaids	-	(372,708)	(84,095)
Change in net financial assets	(817,514)	2,194,850	2,719,405
Net financial assets, beginning of year	7,876,997	7,876,997	5,157,592
Net financial assets, end of year	7,059,483	10,071,847	7,876,997

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

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 Chartered Professional Accountants of Canada.

Basis of consolidation

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

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

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

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

Basis of accounting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

Government transfers

Government transfers include entitlements, transfers under shared cost agreements and grants. Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Use of estimates

The preparation of these consolidated financial statements in conformity with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The principle estimates used in the preparation of these financial statements include allowance for doubtful accounts, the useful life and valuation of tangible capital assets, contingent liabilities, employee future benefits 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, 2014

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 equipment	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 title transfer.

(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, 2014

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

	Useful Life - Years
Machinery and equipment	3-25

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight line basis.

Deferred revenue – obligatory reserve funds

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These accounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges, parkland 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 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget figures

The budgets originally approved by the Town for 2014, 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.

Pension Plan

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

3 CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Unrestricted cash, held at the bank and petty cash	10,050,950	6,894,064
Restricted cash, held at the bank	9,734,420	10,188,269
Total cash and cash equivalents	19,785,370	17,082,333

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

Included in cash and cash equivalents are short term investments comprised of the following:

	2014 \$	2013 \$
Guaranteed Investment Certificates, interest rate of 1.40% - 1.45%, maturing January 5, 2015 and May 4, 2015	5,145,264	5,065,071

Short term investments market value is \$5,156,759 (2013 - \$5,083,330).

4 ACCOUNTS RECEIVABLE

Accounts receivable include amounts due of \$41,377 (2013 - \$49,545) from certain property owners pursuant to loans extended under the Tile Drainage Act. These loans have various maturity dates ranging from 2016 to 2021 and an effective interest 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 and dental 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 2014.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

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

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.

	2014 \$	2013 \$
Vacation pay and “banked” overtime	343,015	300,690
Council severance	95,627	95,579
Accrued post retirement non-pension benefits	327,220	316,698
Pay for performance program	35,000	55,600
Total employee future benefits payable	800,862	768,567

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 2014 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, 2014, 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% (2013 – 2.0%) per year.

Interest (discount) rate

The present value of the post employment benefit liability was determined using a discount rate of 4.75 % (2013 – 4.25%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

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

Health costs

Health costs were assumed to increase at an average increase of 5.667% for 2015 reducing by 0.333% per year to reach 4.0% per year starting in 2020 (2013 – 4.0%).

Dental costs

Dental costs were assumed to increase at an average increase of 4.0% (2013 – 4.0%) per year.

6 DEPOSITS AND DEFERRED REVENUE

The Town has total deposits and deferred revenues of \$6,289,701 (2013 – \$6,370,844). Deferred revenue represents \$5,074,135 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	5,045,234	1,668,838	(1,639,937)	5,074,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

7 OBLIGATORY RESERVE FUNDS

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

	2014	2013
	\$	\$
Development charges, opening balance	2,836,036	2,509,942
Add: Developer contributions	5,694,199	2,480,500
Add: Interest earned	52,011	72,160
Deduct: Amounts used for eligible capital projects	(5,771,717)	(2,226,566)
Development charges, ending balance	2,810,529	2,836,036
Parkland, opening balance	145,299	283,541
Add: Developer contributions	-	1,346
Add: Interest earned	2,611	4,823
Deduct: Amounts used for eligible capital projects	(9,845)	(144,411)
Parkland, ending balance	138,065	145,299
Federal Gas Tax, opening balance	816,647	882,060
Add: Allocation received	667,982	646,293
Add: Interest earned	7,931	19,104
Deduct: Amounts used for eligible capital projects	(1,032,159)	(730,810)
Federal Gas Tax, ending balance	460,401	816,647
Total obligatory reserve funds	3,408,995	3,797,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

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:

	2014	2013
	\$	\$
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%.	7,971	11,622
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%.	37,924	42,185
Total net long-term debt with the Region of York	45,895	53,807

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

	\$
2015	8,388
2016	8,891
2017	5,076
2018	5,381
2019	5,704
Thereafter	12,455
Net long-term debt with the Region of York	45,895



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

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

Total interest charges for the year for net long-term debt included in the consolidated statement of operations are \$3,228 (2013 - \$3,897).

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 OBLIGATION UNDER TANGIBLE CAPITAL LEASE

	2014	2013
	\$	\$
Obligation under tangible capital lease for machinery and equipment, monthly payments of \$8,259 with interest at the rate of 4.89%, maturing July 2019.	406,666	-

Interest expense for the year related to this tangible capital lease is \$14,810 (2013 - \$NIL).

Future minimum lease payments under this tangible capital lease for subsequent years are as follows:

	\$
2015	99,108
2016	99,108
2017	99,108
2018	99,108
2019	57,813
	454,245
Less: Imputed interest	(47,579)
	406,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

10 NET TAXATION CHARGES

Net taxation charges consist of the following:

	2014	2013
	\$	\$
Total taxes levied by the Town	43,675,653	42,212,701
Less		
Taxes levied on behalf of the Region of York	17,299,405	16,865,027
Taxes levied on behalf of the School Boards	11,897,863	11,741,620
Total net taxation charges	14,478,385	13,606,054

11 GOVERNMENT TRANSFERS

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

The following kinds of transfers were included in revenue:

	2014	2013
	\$	\$
Grants with stipulations	1,186,433	986,956
Other grants	224,629	280,773
Total government transfers	1,411,062	1,267,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

12 TANGIBLE CAPITAL ASSETS

Cost	Balance as at December 31, 2013 \$	Additions \$	Disposals/ Transfers \$	Balance as at December 31, 2014 \$
Transportation infrastructure	53,463,445	1,074,177	(366,927)	54,170,695
Environmental infrastructure	83,331,781	27,496	(172,355)	83,186,922
Facilities	19,410,236	489,426	(355,356)	19,544,306
Vehicles	8,461,862	1,204,368	(2,616,872)	7,049,358
Machinery and equipment	3,933,839	1,423,659	(651,764)	4,705,734
Land improvements	11,796,132	15,754	-	11,811,886
Land	25,267,605	2,240,661	(10,193)	27,498,073
	205,664,900	6,475,541	(4,173,467)	207,966,974
Capital work in progress	1,588,813	4,689,769	(978,302)	5,300,280
	207,253,713	11,165,310	(5,151,769)	213,267,254

Accumulated amortization	Balance as at December 31, 2013 \$	Amortization Charge for the year \$	Disposals/ Transfers \$	Balance as at December 31, 2014 \$
Transportation infrastructure	25,640,474	1,625,339	(356,726)	26,909,087
Environmental infrastructure	33,907,686	1,656,591	(172,355)	35,391,922
Facilities	9,214,033	523,046	(239,274)	9,497,805
Vehicles	4,813,982	521,974	(1,587,230)	3,748,726
Machinery and equipment	1,785,878	506,971	(403,738)	1,889,111
Land improvements	3,528,080	460,548	-	3,988,628
	78,890,133	5,294,469	(2,759,323)	81,425,279

Net book value	December 31, 2013 \$	December 31, 2014 \$
Transportation infrastructure	27,822,971	27,261,608
Environmental infrastructure	49,424,095	47,795,000
Facilities	10,196,203	10,046,501
Vehicles	3,647,880	3,300,632
Machinery and equipment	2,147,961	2,816,623
Land improvements	8,268,052	7,823,258
Land	25,267,605	27,498,073
	126,774,767	126,541,695
Capital work in progress	1,588,813	5,300,280
	128,363,580	131,841,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

12 TANGIBLE CAPITAL ASSETS (continued)

a) Assets under construction

Assets under construction and other capital work in progress having a value of \$5,300,280 (2013 - \$1,588,813) 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 \$NIL (2013 - \$41,287).

c) Assets under tangible capital lease

	2014 \$		2013 \$	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Machinery and equipment	442,022	22,101	-	-
		419,921		-

13 CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$5,336,279 (2013 - \$967,191). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2014, \$946,053 (2013 - \$413,164) relating to these contracts had not been expended.

14 COMMITMENTS

The Town has entered into agreements to lease office equipment and vehicles for various periods until 2019 with minimum lease payments of \$477,132.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

15 PENSION PLAN

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 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 municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2014 were \$867,304 (2013 - \$804,907).

16 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.

17 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

18 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2014 \$	2013 \$
Reserves		
Working Capital/Tax Stabilization	2,239,093	2,905,640
Reserve – Planning Act	(1,455,715)	(1,623,573)
CPI Development Fees	685,654	(642,200)
Parks Development Fees	(173,164)	-
Building Code Enforcement	(374,631)	(9,770)
Election	3,115	96,200
Emergency Services	471,121	260,514
Insurance	77,449	56,584
Real Estate Legal & Administration	174,145	21,277
Winter Maintenance	85,882	136,949
Farmers Market	7,923	9,145
General Capital	1,389,707	1,690,131
Public Works Roads	137,135	178,229
Parks Structures	192,714	192,220
Information Technology	75,037	108,072
Vehicle & Equipment Replacement – Tax Levy	2,019,903	1,527,472
Buildings	1,263,752	1,068,062
Library Asset Replacement	96,805	87,998
Water & Sewer Rate Stabilization	540,841	594,775
Vehicle & Equipment Replacement – Water & Sewer	172,893	218,626
Infrastructure – Water & Sewer	2,914,479	1,625,678
Unexpended Capital	410,865	229,632
Library Special	80,782	54,703
Community Capital Contribution		
- Environment & Watershed Enhancement	57,548	81,595
- Ineligible Due to Level of Service	917,496	937,695
- 10% Mandatory DC Reduction	478,342	366,807
- Parkland Acquisition	657,414	611,331
- Administration Facilities	658,985	574,821
- Art & Culture Heritage	239,672	218,659
- Economic Development Initiatives & Servicing	125,123	-
Total reserves	14,170,365	11,577,272
Front Ended Capital Projects to be Recovered by Development Charges	(3,458,041)	(3,432,506)
Investment in Tangible Capital Assets	131,841,975	128,363,580
	142,554,299	136,508,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

19 SEGMENTED INFORMATION

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

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

(a) General government

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

(b) Protection to persons and property

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 services

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 services

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

(e) Recreation and cultural services

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

(f) Planning and development

The Planning and building services department administers and oversees key aspects of the land use and development approval process in the Town.

(g) Library

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

19 SEGMENTED INFORMATION (continued)

(h) *Elimination*

Eliminating entries are necessary for consolidation purposes to eliminate transactions which are recorded by both the Library and the Town. Eliminating entries are equal reductions of revenues and expenses which do not change the annual surplus of the consolidated entity.

Certain allocation methodologies are employed in the preparation of segmented financial information. Government grants, user charges, transfers from other funds, and other revenues are allocated to the specific program or service they relate to. Internal and external expenses are allocated. Activity based costing is used to allocate internal support costs to departments. These costs include the net 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.

	2014 \$	2013 \$	2014 \$	2013 \$
	CONSOLIDATED		GENERAL GOVERNMENT	
Expenses				
Salaries and wages	13,761,596	12,821,357	2,313,507	1,783,444
Materials	3,378,665	3,026,754	1,003,210	745,816
Contracted services	7,684,232	7,291,555	1,147,636	842,613
Amortization	5,294,469	5,140,948	263,637	244,039
	30,118,962	28,280,614	4,727,990	3,615,912
Revenues				
Net taxation charges	(14,478,385)	(13,606,054)	(14,478,385)	(13,606,054)
User charges	(10,913,112)	(8,423,451)	(75,579)	(58,109)
Charges to developers	(6,141,318)	(4,667,869)	(633,846)	(2,489,461)
Government transfers	(1,411,062)	(1,267,729)	(271,909)	(321,023)
Penalties on taxes	(515,709)	(469,492)	(515,709)	(469,492)
Investment income	(229,807)	(219,900)	(229,807)	(219,900)
Other	(1,099,932)	(1,419,656)	(103,998)	(252,668)
	(34,789,325)	(30,074,151)	(16,309,233)	(17,416,707)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

19 SEGMENTED INFORMATION (continued)

	2014 \$	2013 \$	2014 \$	2013 \$
	PROTECTION		TRANSPORTATION	
Expenses				
Salaries and wages	3,220,782	3,078,365	1,747,666	1,977,273
Materials	327,352	228,933	856,844	634,479
Contracted services	607,951	329,885	1,260,126	1,110,355
Amortization	381,102	399,455	1,862,406	1,830,491
	4,537,187	4,036,638	5,727,042	5,552,598
Revenues				
User charges	(1,297,205)	(748,732)	(1,901,994)	(449,185)
Charges to developers	(2,696,323)	(197,607)	(2,307,730)	(76,283)
Government transfers	-	-	(1,026,035)	(840,189)
Other	(303,663)	(198,692)	(362,714)	(419,413)
	(4,297,191)	(1,145,031)	(5,598,473)	(1,785,070)
	ENVIRONMENT		RECREATION	
Expenses				
Salaries and wages	1,745,029	1,568,194	2,594,928	2,321,178
Materials	274,077	289,759	1,960,012	1,970,558
Contracted services	3,250,665	3,560,345	1,088,052	1,040,023
Amortization	1,708,533	1,694,768	943,330	860,002
	6,978,304	7,113,066	6,586,322	6,191,761
Revenues				
User charges	(5,779,878)	(5,273,974)	(1,094,911)	(1,020,978)
Charges to developers	-	(9,004)	(240,722)	(1,714,946)
Government transfers	(6,487)	-	(34,262)	10,492
Other	(50,452)	(181,867)	(144,979)	(232,693)
	(5,836,817)	(5,464,845)	(1,514,874)	(2,958,125)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

19 SEGMENTED INFORMATION (continued)

	2014	2013	2014	2013
	\$	\$	\$	\$
	PLANNING		LIBRARY	
Expenses				
Salaries and wages	1,211,081	1,183,906	928,603	908,997
Materials	13,653	115,803	203,481	244,311
Contracted services	291,549	403,334	38,253	5,000
Amortization	-	-	135,461	112,193
	1,516,283	1,703,043	1,305,798	1,270,501
Revenues				
User charges	(741,048)	(834,272)	(22,497)	(38,201)
Charges to developers	(262,697)	(180,568)	-	-
Government transfers	(35,347)	(65,267)	(1,296,986)	(1,254,647)
Other	(117,870)	(122,031)	(16,256)	(12,292)
	(1,156,962)	(1,202,138)	(1,335,739)	(1,305,140)
	ELMINATION			
Expenses				
Materials	(1,259,964)	(1,222,905)		
	(1,259,964)	(1,222,905)		
Revenues				
Government transfers	1,259,964	1,222,905		
	1,284,964	1,222,905		

20 GAIN ON DISPOSAL OF TANGIBLE CAPITAL ASSETS

On February 2, 2014 the municipality had a fire at the Mount Albert Fire Station which resulted in the complete destruction of the building along with fire trucks and equipment contained within. To date, replacement costs for purchased assets and the temporary site and equipment have been covered by insurance.

The difference between the insurance proceeds received and the net book value of the assets destroyed has been included as a gain on disposal and totaled \$2,737,182 as at December 31, 2014.



Town of
East Gwillimbury

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2014

21 COMPARATIVE FIGURES

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