



Town of
East Gwillimbury

Consolidated Financial Statements

December 31, 2015

Our Town, Our Future

**Town of East Gwillimbury
2015 Consolidated Financial Statements**

*Approved by Council
July 19, 2016*

**Town of East Gwillimbury
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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, 2015
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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, 2015, 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants, Licensed Public Accountants
Alliston, Ontario
July 19, 2016



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (<i>note 3</i>)	18,232,103	19,785,370
Taxes receivable	3,038,726	3,270,907
User charges receivable	1,618,130	1,564,783
Accounts receivable (<i>note 4</i>)	3,209,584	2,405,406
	26,098,543	27,026,466
LIABILITIES		
Accounts payable and accrued liabilities	4,929,917	6,002,500
Obligation under tangible capital lease (<i>note 9</i>)	323,849	406,666
Employee and elected official future salaries and benefits payable (<i>note 5</i>)	841,616	800,862
Deposits and deferred revenue (<i>note 6</i>)	6,307,298	6,289,701
Obligatory reserve funds (<i>note 7</i>)	2,566,441	3,408,995
Net long-term debt with the Region of York (<i>note 8</i>)	4,102	45,895
	14,973,223	16,954,619
Net financial assets	11,125,320	10,071,847
NON FINANCIAL ASSETS		
Prepays	1,042,611	640,477
Tangible capital assets (<i>note 12</i>)	131,398,603	131,841,975
	132,441,214	132,482,452
Accumulated surplus (<i>note 18</i>)	143,566,534	142,554,299

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, 2015

	2015 Budget \$ (note 2)	2015 Actual \$	2014 Actual \$
REVENUE			
Net taxation charges (note 10)	14,831,857	15,311,160	14,478,385
User charges	12,305,536	11,479,353	10,913,112
Charges to developers	5,011,697	2,227,534	6,141,318
Government transfers (note 11)	1,322,340	1,266,808	1,411,062
Penalties on taxes	500,000	473,347	515,709
Investment income	175,000	190,985	229,807
Other	2,627,203	988,044	1,099,932
Total revenue	36,773,633	31,937,231	34,789,325
EXPENSE			
General government	4,260,894	3,660,165	4,727,990
Protection to persons and property	5,698,047	4,747,475	4,537,187
Transportation services	7,228,635	6,683,671	5,727,042
Environmental services	7,728,848	7,510,891	6,978,304
Recreation and cultural services	6,878,243	6,882,894	6,632,156
Planning and development	3,596,714	1,399,675	1,516,283
Total expenses	35,391,381	30,884,771	30,118,962
NET REVENUES	1,382,252	1,052,460	4,670,363
Gain/(Loss) on sale of tangible capital assets	-	(40,225)	1,375,590
Annual surplus	1,382,252	1,012,235	6,045,953
Accumulated surplus, beginning of year	142,554,299	142,554,299	135,508,346
Accumulated surplus, end of year	143,936,551	143,566,534	142,554,299

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015	2014
	\$	\$
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,012,235	6,045,953
Non-cash changes to operations		
Amortization	5,528,944	5,294,469
Loss/(Gain) on sale of tangible capital assets	40,225	(1,375,590)
Changes in non-cash operating working capital		
Taxes receivable	232,181	569,989
User charges receivable	(53,347)	25,770
Accounts receivable	(804,178)	(1,669,759)
Accounts payable and accrued liabilities	(1,072,583)	1,621,268
Employee and elected official future salaries and benefits payable	40,754	32,295
Deposits and deferred revenue	17,597	(81,143)
Obligatory reserve funds	(842,554)	(388,987)
Prepays	(402,134)	(372,708)
	3,697,140	9,701,557
CAPITAL ACTIVITIES		
Proceeds from sale of tangible capital assets	339,645	2,789,734
Purchase of tangible capital assets	(5,465,442)	(9,730,788)
	(5,125,797)	(6,941,054)
FINANCING ACTIVITIES		
Repayment of long-term debt with the Region of York	(41,793)	(7,912)
Repayment of obligation under tangible capital lease	(82,817)	(49,554)
	(124,610)	(57,466)
Net increase (decrease) in cash and cash equivalents during the year	(1,553,267)	2,703,037
Cash and cash equivalents, beginning of year	19,785,370	17,082,333
Cash and cash equivalents, end of year	18,232,103	19,785,370

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, 2015

	2015 \$ Budget (note 3)	2015 \$ Actual	2014 \$ Actual
Annual surplus/(deficit)	1,382,252	1,012,235	6,045,953
Acquisition of tangible capital assets	(8,084,372)	(5,465,442)	(9,730,788)
Leased/contributed tangible capital assets	-	-	(456,220)
Amortization of tangible capital assets	5,369,078	5,528,944	5,294,469
Proceeds from sale of tangible capital assets	-	339,645	2,789,734
(Gain)/Loss on sale of tangible capital assets	-	40,225	(1,375,590)
	(1,333,042)	1,455,607	2,567,558
Change in prepaids	-	(402,134)	(372,708)
Change in net financial assets	(1,333,042)	1,053,473	2,194,850
Net financial assets, beginning of year	10,071,847	10,071,847	7,876,997
Net financial assets, end of year	8,738,805	11,125,320	10,071,847

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

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 the *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, 2015

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 principal 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, 2015

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 the 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, 2015

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, 2015

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget figures

The budgets originally approved by the Town for 2015, 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 STATEMENTSAs at December 31, 2015

1 SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue recognition**

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

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.

Developer credit agreements relating to assets transferred to the Town are recognized as revenue as the related developer credits are owed on associated building permits.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Town is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

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	28,899,512	28,820,012
Transfers to/from other funds	-	(4,071,179)
Capital Budget	7,874,121	13,357,842
Total Council Approved Budget	36,773,633	38,106,675
Less: Tangible Capital Assets Capitalized	-	(8,084,372)
Plus: Budgeted Amortization Expenses	-	5,369,078
Adjusted Budget per Consolidated Statement of Operations	36,773,633	35,391,381

3 CASH AND CASH EQUIVALENTS

	2015 \$	2014 \$
Unrestricted cash, held at the bank and petty cash	9,317,449	10,050,950
Restricted cash, held at the bank	8,914,654	9,734,420
Total cash and cash equivalents	18,232,103	19,785,370

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 investment comprised of the following:

	2015 \$	2014 \$
Guaranteed Investment Certificates, interest rate of 1.00%, maturing February 2, 2016	5,208,976	5,145,264

Short term investments market value is \$ 5,217,396 (2014 - \$5,156,759).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

4 ACCOUNTS RECEIVABLE

Accounts receivable include amounts due of \$4,102 (2014 - \$41,377) from certain property owners pursuant to loans extended under the Tile Drainage Act. The loan matures in April 2016 and an effective interest rate of 6% (See Note 8).

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 and extrapolated for 2015.

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.

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.

	2015	2014
	\$	\$
Vacation pay and “banked” overtime	367,201	343,015
Council severance	81,596	95,627
Accrued post retirement non-pension benefits	362,960	327,220
Pay for performance program	29,859	35,000
Total employee future benefits payable	841,616	800,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

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 2015 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, 2015, 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% (2014 – 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 % (2014 – 4.75%).

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 (2014 – 4.0%).

Dental costs

Dental costs were assumed to increase at an average increase of 4.0% (2014 – 4.0%) per year.

6 DEPOSITS AND DEFERRED REVENUE

The Town has total deposits and deferred revenues of \$6,307,298 (2014 – \$6,289,701). Deferred revenue represents \$4,753,732 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	5,074,135	800,235	(1,120,638)	4,753,732

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

7 OBLIGATORY RESERVE FUNDS

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

	2015 \$	2014 \$
Development charges, opening balance	2,810,529	2,836,036
Add: Developer contributions	657,790	5,874,459
Add: Interest earned	31,188	52,011
Deduct: Amounts used for eligible capital projects	(1,559,557)	(5,771,717)
Deduct: Credit issued	(26,326)	(180,260)
Development charges, ending balance	1,913,624	2,810,529
Parkland, opening balance	138,065	145,299
Add: Developer contributions	19,000	-
Add: Interest earned	1,805	2,611
Deduct: Amounts used for eligible capital projects	(31,914)	(9,845)
Parkland, ending balance	126,956	138,065
Federal Gas Tax, opening balance	460,401	816,647
Add: Allocation received	650,715	667,982
Add: Interest earned	4,980	7,931
Deduct: Amounts used for eligible capital projects	(590,235)	(1,032,159)
Federal Gas Tax, ending balance	525,861	460,401
Total obligatory reserve funds	2,566,441	3,408,995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

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:

	2015 \$	2014 \$
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%.	4,102	7,971
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%. This debt has been paid in full in 2015.	-	37,924
Total net long-term debt with the Region of York	4,102	45,895

Total interest charges for the year for net long-term debt included in the consolidated statement of operations are \$4,143 (2014 - \$3,228).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

9 OBLIGATION UNDER TANGIBLE CAPITAL LEASE

	2015	2014
	\$	\$
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.	323,849	406,666

Interest expense for the year related to this tangible capital lease is \$17,723 (2014 - \$14,810).

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

	\$
2016	99,108
2017	99,108
2018	99,108
2019	57,813
	355,137
Less: Imputed interest	(31,288)
	323,849

10 NET TAXATION CHARGES

Net taxation charges consist of the following:

	2015	2014
	\$	\$
Total taxes levied by the Town	45,591,111	43,675,653
Less		
Taxes levied on behalf of the Region of York	17,920,943	17,299,405
Taxes levied on behalf of the School Boards	12,359,008	11,897,863
Total net taxation charges	15,311,160	14,478,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

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:

	2015	2014
	\$	\$
Grants with stipulations	1,029,524	1,186,433
Other grants	237,284	224,629
Total government transfers	1,266,808	1,411,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

12 TANGIBLE CAPITAL ASSETS

Cost	Balance as at December 31, 2014	Additions	Disposals/ Transfers	Balance as at December 31, 2015
	\$	\$	\$	\$
Transportation infrastructure	54,170,695	1,163,570	(415,867)	54,918,398
Environmental infrastructure	83,186,922	103,093	(111,798)	83,178,217
Facilities	19,544,306	2,701,018	-	22,245,324
Vehicles	7,049,358	1,044,281	(913,492)	7,180,147
Machinery and equipment	4,705,734	858,122	(167,406)	5,396,450
Land improvements	11,811,886	613,859	-	12,425,745
Land	27,498,073	-	(308,390)	27,189,683
	207,966,974	6,483,943	(1,916,953)	212,533,964
Capital work in progress	5,300,280	2,725,273	(3,747,162)	4,278,391
	213,267,254	9,209,216	(5,664,170)	216,812,355

Accumulated amortization	Balance as at December 31, 2014	Amortization Charge for the year	Disposals/ Transfers	Balance as at December 31, 2015
	\$	\$	\$	\$
Transportation infrastructure	26,909,087	1,697,834	(415,867)	28,191,054
Environmental infrastructure	35,391,922	1,654,707	(111,798)	36,934,831
Facilities	9,497,805	567,494	-	10,065,299
Vehicles	3,748,726	528,742	(868,369)	3,409,099
Machinery and equipment	1,889,111	606,086	(144,437)	2,350,760
Land improvements	3,988,628	474,081	-	4,462,709
	81,425,279	5,528,944	(1,540,471)	85,413,752

Net book value	December 31, 2014	December 31, 2015
	\$	\$
Transportation infrastructure	27,261,608	26,727,344
Environmental infrastructure	47,795,000	46,243,386
Facilities	10,046,501	12,180,025
Vehicles	3,300,632	3,771,048
Machinery and equipment	2,816,623	3,045,690
Land improvements	7,823,258	7,963,036
Land	27,498,073	27,189,683
	126,541,695	127,120,212
Capital work in progress	5,300,280	4,278,391
	131,841,975	131,398,603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

12 TANGIBLE CAPITAL ASSETS (continued)

a) Assets under construction

Assets under construction and other capital work in progress having a value of \$4,278,390 (2014 - \$5,300,278) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Assets under tangible capital lease

	2015		2014	
	\$		\$	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Machinery and equipment	442,022	66,303	442,022	22,101
		375,719		419,921

13 CONTRACTUAL OBLIGATIONS

During the year the Town had work done on several major projects with contract values totaling \$2,212,044 (2014 - \$5,336,279). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2015, \$149,509 (2014 - \$946,053) 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 \$362,178.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

15 PENSION PLAN

OMERS provides pension services to more than 461,000 active and retired members and approximately 1000 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 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 2015 were \$942,426 (2014 - \$867,304).

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

Effective 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, 2015

18 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2015	2014
	\$	\$
Reserves		
Working Capital/Tax Stabilization	2,162,825	2,239,093
Reserve – Planning Act	(719,221)	(1,455,715)
CPI Development Fees	1,146,236	685,654
Parks Development Fees	(375,690)	(173,164)
Building Code Enforcement	(729,477)	(374,631)
Election	28,330	3,115
Emergency Services	477,563	471,121
Insurance	98,276	77,449
Real Estate Legal & Administration	184,107	174,145
Winter maintenance	87,061	85,882
Farmers Market	7,085	7,923
General Capital	1,287,006	1,389,707
Public Works Roads	139,016	137,135
Parks Structures	185,290	192,714
Information Technology	117,884	75,037
Vehicle & Equipment Replacement – Tax Levy	1,484,303	2,019,903
Buildings	1,521,930	1,263,752
Library asset replacement	117,695	96,805
Fill & Site Alteration	(117,067)	-
Water & Sewer Rate Stabilization	548,260	540,841
Vehicle & Equipment Replacement – Water & Sewer	196,919	172,893
Infrastructure – Water & Sewer	3,917,952	2,914,479
Unexpended Capital	195,728	410,865
Library special	93,241	80,782
Community Capital Contribution		
- Environment & Watershed Enhancement	49,146	57,548
- Ineligible Due to Level of Service	889,377	917,496
- 10% Mandatory DC Reduction	517,049	478,342
- Parkland Acquisition	677,022	657,414
- Administration Facilities	703,541	658,985
- Art & Culture Heritage	248,089	239,672
- Econ Dev. Initiatives & Servicing	403,679	125,123
Total reserves	15,543,155	14,170,365
Front Ended Capital Projects to be recovered by development charges	(3,375,224)	(3,458,041)
Investment in tangible capital assets	131,398,603	131,841,975
	143,566,534	142,554,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

19 COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform with current financial statement presentation.

20 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 and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

20 SEGMENTED INFORMATION (continued)

(g) *Library*

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

(h) *Elimination*

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

	2015 \$	2014 \$	2015 \$	2014 \$
	CONSOLIDATED		GENERAL GOVERNMENT	
Expenses				
Salaries and wages	15,199,488	13,761,596	1,900,161	2,313,507
Materials	2,418,438	3,378,665	115,628	1,003,210
Contracted services	7,737,901	7,684,232	1,335,191	1,147,636
Amortization	5,528,944	5,294,469	309,185	263,637
	30,884,771	30,118,962	3,660,165	4,727,990
Revenues				
Net taxation charges	(15,311,160)	(14,478,385)	(15,311,160)	(14,478,385)
User charges	(11,479,353)	(10,913,112)	(131,304)	(75,579)
Charges to developers	(2,227,534)	(6,141,318)	(272,144)	(633,846)
Grants	(1,266,808)	(1,411,062)	(274,608)	(271,909)
Penalties on taxes	(473,347)	(515,709)	(473,347)	(515,709)
Investment income	(190,985)	(229,807)	(190,985)	(229,807)
Other	(988,044)	(1,099,932)	(296,965)	(103,998)
	(31,937,231)	(34,789,325)	(16,950,513)	(16,309,233)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

20 SEGMENTED INFORMATION (continued)

	2015 \$	2014 \$	2015 \$	2014 \$
	PROTECTION		TRANSPORTATION	
Expenses				
Salaries and wages	4,081,343	3,220,782	2,433,703	1,747,666
Materials	18,873	327,352	896,350	856,844
Contracted services	207,621	607,951	1,400,600	1,260,126
Amortization	439,638	381,102	1,953,018	1,862,406
	<u>4,747,475</u>	<u>4,537,187</u>	<u>6,683,671</u>	<u>5,727,042</u>
Revenues				
User charges	(1,178,605)	(1,297,205)	(1,150,778)	(1,901,994)
Charges to developers	(857,744)	(2,696,323)	(97,473)	(2,307,730)
Grants	-	-	(585,332)	(1,026,035)
Other	(317,540)	(303,663)	(226,333)	(392,714)
	<u>(2,353,889)</u>	<u>(4,297,191)</u>	<u>(2,059,916)</u>	<u>(5,598,473)</u>
	ENVIRONMENT		RECREATION	
Expenses				
Salaries and wages	1,804,027	1,745,029	2,892,923	2,594,928
Materials	407,745	274,077	2,019,872	1,960,012
Contracted services	3,584,696	3,250,665	888,569	1,088,052
Amortization	1,714,423	1,708,533	952,813	943,330
	<u>7,510,891</u>	<u>6,978,304</u>	<u>6,754,177</u>	<u>6,586,322</u>
Revenues				
User charges	(6,285,895)	(5,779,878)	(1,266,420)	(1,094,911)
Charges to developers	-	-	(764,879)	(240,722)
Grants	(88,923)	(6,487)	(154,400)	(34,262)
Other	(68,424)	(50,452)	(67,755)	(144,979)
	<u>(6,443,242)</u>	<u>(5,836,817)</u>	<u>(2,253,454)</u>	<u>(1,514,874)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

20 SEGMENTED INFORMATION (continued)

	2015	2014	2015	2014
	\$	\$	\$	\$
	PLANNING		LIBRARY	
Expenses				
Salaries and wages	1,096,021	1,211,081	991,310	928,603
Materials	24,935	13,653	194,925	203,481
Contracted services	278,719	291,549	42,505	38,253
Amortization	-	-	159,867	135,461
	<u>1,399,675</u>	<u>1,516,283</u>	<u>1,388,607</u>	<u>1,305,798</u>
Revenues				
User charges	(1,448,087)	(741,048)	(18,264)	(22,497)
Charges to developers	(235,294)	(262,697)	-	-
Grants	(92,554)	(35,347)	(1,330,881)	(1,296,986)
Other	(1,877)	(117,870)	(9,150)	(16,256)
	<u>(1,777,812)</u>	<u>(1,156,962)</u>	<u>(1,358,295)</u>	<u>(1,335,739)</u>
	ELMINATION			
Expenses				
Materials	(1,259,890)	(1,259,964)		
	<u>(1,259,890)</u>	<u>(1,259,964)</u>		
Revenues				
Grants	1,259,890	1,259,964		
	<u>1,259,890</u>	<u>1,259,964</u>		