



Consolidated Financial Statements

**The Corporation of the Town of Witchurch-
Stouffville**

December 31, 2011

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Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers
of the **The Corporation of the Town of Whitchurch-Stouffville**

We have audited the accompanying consolidated financial statements of **The Corporation of the Town of Whitchurch-Stouffville**, which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statement of operations and accumulated surplus, and the statements of change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Whitchurch-Stouffville as at December 31, 2011, and its operations for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

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



Markham, Canada
June 19, 2012

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE
Consolidated Statement of Financial Position

December 31	2011	2010 (Restated Note 3)
Financial assets		
Cash and cash equivalents	\$ 1,745,291	\$ -
Portfolio investments (Note 4)	45,592,461	54,502,737
Taxes receivable	6,848,744	5,181,246
Accounts receivable	2,951,577	5,169,199
Property held for re-sale (Note 16)	2,046,590	2,046,590
	<u>59,184,663</u>	<u>66,899,772</u>
Liabilities		
Bank overdraft (Note 4)	-	772,708
Accounts payable and accrued liabilities	9,873,960	16,760,171
Short term loan (Note 6)	2,000,000	-
Deferred revenue - obligatory reserve funds (Note 7)	11,680,222	15,296,584
Other deferred revenue (Note 7)	308,319	242,257
Developer and other deposits	19,352,550	22,109,102
Employee benefits and other liabilities (Note 8)	1,031,126	882,775
Long term liabilities (Note 10)	35,417,409	27,460,351
	<u>79,663,586</u>	<u>83,523,948</u>
Net debt (Page 6)	<u>(20,478,923)</u>	<u>(16,624,176)</u>
Non-financial assets		
Prepaid expenses	88,912	72,024
Tangible capital assets (Note 12)	225,852,463	208,821,534
	<u>225,941,375</u>	<u>208,893,558</u>
Accumulated surplus (Note 11)	<u>\$ 205,462,452</u>	<u>\$ 192,269,382</u>

Commitments (Note 17)

Approved by

See accompanying notes to the consolidated financial statements.

THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE
Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31	Budget 2011 (Unaudited)	Actual 2011	Actual 2010 (Restated Note 3)
Revenues			
Property taxation (Note 5)	\$ 17,911,593	\$ 19,393,185	\$ 17,465,417
Taxation from other governments	182,777	192,604	142,350
User charges	11,149,367	12,304,203	12,394,860
Government grants (Note 13)	6,360,614	3,423,270	3,173,703
Contributions from developers	12,651,283	12,630,400	16,275,528
Investment income	455,000	896,865	543,393
Penalties and interest on taxes	700,000	867,065	758,468
Donations and other	14,741,080	2,942,171	4,442,718
	<u>64,151,714</u>	<u>52,649,763</u>	<u>55,196,437</u>
Expenditures			
General government	7,886,047	6,072,180	4,784,642
Protection to persons and property	4,565,247	4,442,642	4,316,527
Transportation services	17,051,785	6,520,553	5,151,732
Environmental services	7,791,737	7,767,804	6,663,862
Recreational and cultural services	22,501,849	11,439,208	10,384,384
Planning and development	4,429,455	3,884,949	3,779,074
	<u>64,226,120</u>	<u>40,127,336</u>	<u>35,080,221</u>
Net revenues	(74,406)	12,522,427	20,116,216
Gain (loss) on sale of capital assets	-	670,643	(181,822)
Annual surplus	<u>(74,406)</u>	<u>13,193,070</u>	<u>19,934,394</u>
Accumulated surplus, beginning of year			
As previously reported	192,269,382	188,505,637	171,601,110
Prior period adjustment (Note 3)	-	3,763,745	733,878
Accumulated surplus, as restated	<u>192,269,382</u>	<u>192,269,382</u>	<u>172,334,988</u>
Accumulated surplus, end of year	<u>\$ 192,194,976</u>	<u>\$ 205,462,452</u>	<u>\$ 192,269,382</u>

See accompanying notes to the consolidated financial statements.

THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE
Consolidated Statement of Cash Flows

Year ended December 31	2011	2010 (Restated Note 3)
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 13,193,070	\$ 19,934,394
Amortization expense	6,755,461	5,581,288
(Gain) loss on sale of tangible capital assets	(670,643)	181,822
Contributed tangible capital assets	<u>(7,876,539)</u>	<u>(6,717,526)</u>
	11,401,349	18,979,978
Changes in non-cash item balances		
Taxes receivable	(1,667,498)	(763,147)
Accounts receivable	2,217,622	(1,264,541)
Prepaid expenses	(16,888)	(8,634)
Accounts payable and accrued liabilities	(6,886,211)	(4,763,286)
Deferred revenue - obligatory reserve funds	(3,616,362)	6,926,598
Other deferred revenue	66,062	12,954
Developer and other deposits	(2,756,552)	(1,737,850)
Employee benefits and other liabilities	<u>148,351</u>	<u>227,047</u>
	<u>(1,110,127)</u>	<u>17,609,119</u>
Capital activities		
Purchase of tangible capital assets	(16,916,914)	(37,830,106)
Proceeds from sale of tangible capital assets	<u>1,677,706</u>	<u>975,000</u>
	<u>(15,239,208)</u>	<u>(36,855,106)</u>
Financing activities		
Proceeds from debt issue	8,246,683	11,300,000
Repayment of long term debt	(289,625)	(139,649)
Increase in short term loan	<u>2,000,000</u>	<u>-</u>
	<u>9,957,058</u>	<u>11,160,351</u>
Investing activities		
Net decrease in portfolio investments	<u>8,910,276</u>	<u>5,808,863</u>
Net increase (decrease) in cash and cash equivalents	2,517,999	(2,276,773)
(Bank overdraft) cash and cash equivalents, beginning of year	<u>(772,708)</u>	<u>1,504,065</u>
Cash and cash equivalents (bank overdraft), end of year	\$ <u>1,745,291</u>	\$ <u>(772,708)</u>
Supplementary information:		
Interest paid	<u>\$ 594,579</u>	<u>\$ 411,893</u>

See accompanying notes to the consolidated financial statements.

THE CORPORATION OF THE TOWN OF WHITCHURCH-STOUFFVILLE
Consolidated Statement of Change in Net Debt

Year ended December 31	2011	2010 (Restated Note 3)
Annual surplus	\$ <u>13,193,070</u>	\$ <u>19,934,394</u>
Purchase of tangible capital assets	(16,916,914)	(37,830,106)
Contributed tangible capital assets	(7,876,539)	(6,717,526)
Amortization of tangible capital assets	6,755,461	5,581,288
Proceeds from sale of tangible capital assets	1,677,706	975,000
(Gain) loss on sale of tangible capital assets	<u>(670,643)</u>	<u>181,822</u>
	<u>(17,030,929)</u>	<u>(37,809,522)</u>
Use of prepaid expenses	<u>(16,888)</u>	<u>(8,634)</u>
Increase in net debt	(3,854,747)	(17,883,762)
(Net debt) net financial assets, beginning of year	<u>(16,624,176)</u>	<u>1,259,586</u>
Net debt, end of year	\$ <u>(20,478,923)</u>	\$ <u>(16,624,176)</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

1. Nature of operations

The Corporation of the Town of Whitchurch-Stouffville (the "Town") is a lower-tier municipality located in the Regional Municipality of York, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislations.

2. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements of the Town are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

Reporting entity

The consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances and include the activities of all committees of Council and the following boards and water system which are accountable for the administration of their financial affairs and resources to Council and are controlled by the Town.

Whitchurch-Stouffville Public Library Board
Waterworks and Sewer Systems
Stouffville and Hartman Cemetery Boards
Parks, Recreation and Heritage Boards and Committees
Community Centres

All inter-entity transactions and balances are eliminated on consolidation.

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

Basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Reserves and reserve funds

Certain amounts, as approved by the Town's Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Government transfers

Government transfers are recognized in the financial statements as revenues in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

2. Summary of 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 charge contributions and payments in lieu of parkland under the authority of provincial legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expensed.

Investment income

Investment income earned is reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue – obligatory reserve fund balances.

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. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. 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:

	<u>Useful life - years</u>
Land improvements	15 - 30
Facilities	7 - 50
Machinery and equipment	7 - 30
Vehicles	5 - 25
Transportation infrastructure	7 - 50
Environmental infrastructure	20 - 80

Assets under construction are not amortized until the asset is available for productive use. No amortization is charged in the year of acquisition.

(ii) Contributions of tangible capital assets

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

(iii) Interest capitalization

Interest is capitalized during the period of construction when external debt is issued to finance the construction of tangible capital assets.

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

2. Summary of significant accounting policies (continued)

Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. Vacation entitlements are accrued for as entitlements are earned.

Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the municipality. The municipality is not involved in the construction and does not budget for either the contributions from the developer or the capital expenditure.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for municipal governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

In particular, management's estimate for the Workplace Safety and Insurance Board (WSIB) Self-Insured Obligation (Note 8) is subject to measurement uncertainty. The estimate is based on assumptions and calculations contained in an actuary's report from WSIB. Actual results could differ from those estimates because of the uncertainty related to future medical outcomes, cost estimates, claims and settlements, etc.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of three months or less.

Portfolio investments

Portfolio investments are comprised of amounts invested in mutual funds. Portfolio investments are valued at cost.

Budget figures

Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The approved operating budget and capital budgets are reflected on the Consolidated Statement of Operations and are unaudited. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Town does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments.

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

3. Prior period adjustments

- a) The Town has restated certain non-financial assets and accumulated surplus for 2010 as a result of ongoing reviews of initial valuations of tangible capital assets that identified tangible capital assets that had not previously been recorded in the amount of \$733,878. The effect of the changes is as follows:

	<u>2010</u>
Non-financial assets	
Tangible capital assets	
As previously reported	\$ 208,087,656
Prior period adjustment	<u>733,878</u>
Restated	<u>\$ 208,821,534</u>
Accumulated surplus, beginning of year	
As previously reported	\$ 171,601,110
Prior period adjustment	<u>733,878</u>
Restated	<u>\$ 172,334,988</u>

- b) The Town has restated revenue, accounts payable and accrued liabilities and ending accumulated surplus for 2010 as a result of a developer contribution which was incorrectly recorded as a payable instead of revenue for the year ended December 31, 2010. The effect of the change is as follows:

Revenue - contributions from developers	
As previously reported	\$ 13,245,661
Prior period adjustment related to developer charges	<u>3,029,867</u>
Restated	<u>\$ 16,275,528</u>
Financial assets	
Accounts payable and accrued liabilities	
As previously reported	\$ 19,790,038
Prior period adjustment related to developer charges	<u>(3,029,867)</u>
Restated	<u>\$ 16,760,171</u>
Accumulated surplus, end of year	
As previously reported	\$ 188,505,637
Prior period adjustment related to tangible capital assets (a)	733,878
Prior period adjustment related to developer charges (b)	<u>3,029,867</u>
Restated	<u>\$ 192,269,382</u>

- c) During the current year, the Town determined that tangible capital assets acquired in 2010 in the amount of \$4,302,031 were incorrectly classified in the land category, and should have been classified as assets under construction. Accordingly, this amount has been reclassified in the December 31, 2010 balance in the tangible capital asset note.

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

4. Cash and portfolio investments

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents are comprised of:		
Cash on hand	\$ 8,960	\$ 7,400
Cash held in banks (overdraft)	<u>1,736,331</u>	<u>(780,108)</u>
	<u>\$ 1,745,291</u>	<u>\$ (772,708)</u>
Portfolio investments are comprised of:		
Bond fund	\$ 6,224,891	\$ 5,728,975
Money market fund investments	<u>39,367,570</u>	<u>48,773,762</u>
	<u>45,592,461</u>	<u>54,502,737</u>

The fair market value of portfolio investments is equal to the carrying values.

5. Operations of district school boards and the Region of York

During the year, requisitions were made by the district school boards and Region of York, requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>2011</u>	<u>2010</u>
School boards	\$ 20,272,788	\$ 20,027,482
Region of York	<u>30,587,239</u>	<u>29,383,723</u>
Amounts requisitioned and remitted	<u>\$ 50,860,027</u>	<u>\$ 49,411,205</u>

6. Short term loan

During the year, the municipality borrowed \$2,000,000 from its operating line of credit of \$5,000,000 to fund its cash flows from operations. The interest rate on the loan is the annual interest rate on Canadian dollar commercial loans made in Canada, and payment is due 90 days after borrowing.

7. Deferred revenue

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Town are summarized below:

	<u>2011</u>	<u>2010</u>
Obligatory reserve funds		
Recreational land (Planning Act)	\$ 669,925	\$ 850,438
Development Charges Act	7,207,863	10,748,682
Building permits (Building Code Act)	1,754,972	2,429,144
Federal Gas Tax reserve	<u>2,047,462</u>	<u>1,268,320</u>
	<u>\$ 11,680,222</u>	<u>\$ 15,296,584</u>
Other deferred revenue	<u>\$ 308,319</u>	<u>\$ 242,257</u>

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

7. Deferred revenue (continued)

As per the terms of the Voluntary Assistance Agreement (VAA), the development charges balance as at December 31, 2017 (or whenever 90% of the planned residential units are drawn) must be used to fund capital works under the owner constructed projects before they can be applied to any other capital works. In the current fiscal period, a 10% statutory deduction has been collected pursuant to the same agreement and must be used by the Town to fund the remaining 10% of growth-related parks capital works currently excluded from normal development charges in accordance with Development Charges Act.

	Balance December 31, <u>2010</u>	Receipts/ Transfers during <u>the year</u>	Expenditures during <u>the year</u>	Balance December 31, <u>2011</u>
Development Charges (DC) - Corporate	\$ 1,888,727	\$ 44,470	\$ 228,371	\$ 1,704,826
DC - Fire	(3,323,999)	21,502	170,837	(3,473,334)
DC – Public Works	798,997	60,507	139,668	719,836
DC - Roads	3,016,652	188,963	1,859,725	1,345,890
DC - Recreation	5,205,936	171,914	794,002	4,583,848
DC - Parks	(2,049,443)	22,248	821,522	(2,848,717)
DC - Library	4,129,189	93,045	70,000	4,152,234
DC - Sewer	(1,814,618)	1,139	37,533	(1,851,012)
DC - Water	277,754	7,614	329,220	(43,852)
10% Voluntary assistance	2,345,761	334,521	172,066	2,508,216
VAA – Hospital contribution	1,335	-	-	1,335
VCA – Developers voluntary contribution	<u>272,391</u>	<u>240,000</u>	<u>103,798</u>	<u>408,593</u>
	10,748,682	1,185,923	4,726,742	7,207,863
Parkland / park / trust	850,438	242,545	423,058	669,925
Federal gas tax reserve	1,268,320	779,142	-	2,047,462
Bill 124 building surplus	<u>2,429,144</u>	<u>46,808</u>	<u>720,980</u>	<u>1,754,972</u>
	<u>\$ 15,296,584</u>	<u>\$ 2,254,418</u>	<u>\$ 5,870,780</u>	<u>\$ 11,680,222</u>

8. Employee future benefits payable

The Town provides certain employee benefits that will require funding in future periods. The Town recognizes the cost of its post retirement non-pension benefit costs in the period in which the employee rendered the services.

	<u>2011</u>	<u>2010</u>
Accrued payroll	\$ 665,064	\$ 545,378
Vacation and overtime payable	244,194	221,043
Post employment benefits	14,384	16,440
Severance liabilities – Council	97,484	89,914
WSIB self-insured obligation	<u>10,000</u>	<u>10,000</u>
	<u>\$ 1,031,126</u>	<u>\$ 882,775</u>

Post employment benefits - liability for vested life and extended health insurance

Under various agreements, the Town is required to pay certain health and other insurance benefits on behalf of certain employees who have retired. Management estimated the future liability as at December 31, 2011 to be \$14,384 (2010 - \$16,440). There is no contractual obligation that requires the Town to pay similar benefits to current employees upon their retirement.

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

8. Employee future benefits payable (continued)

Severance liabilities

In 2002, Council approved By-law 2002-91-EM regarding their remuneration. Part of the remuneration package includes eligibility of all Councillors to receive a severance payment of one month salary per year of continuous service to a maximum payment of 6 months should they not be re-elected. Management's estimated liability based on service and salary levels as at December 31, 2011 was \$97,484 (2010 - \$89,914).

Workplace Safety and Insurance Board Self-Insured Obligation

The Town is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumed responsibility for financing its workplace safety insurance costs. The accrued obligation of \$10,000 as at December 31, 2011 represents an estimate of claims to be insured based on the history of claims with Town employees. A Workers' Compensation reserve has been established to help reduce the future impact of these obligations. As at December 31, 2011, the balance in the Workers' Compensation reserve was \$500,000 (2010 - \$500,000).

9. Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by eligible employees based on the length of credited service and the average earnings.

Contributions in 2011 ranged from 7.4 % to 14.1% (2010 – 6.4% to 13.1%) depending on level of earnings. The 2011 operating expense for OMERS was \$895,735 (2010 - \$717,903).

10. Long term liabilities

These consist of long term debt for debentures and loans from Infrastructure Ontario that mature in the years 2021 to 2051. The debentures have fixed interest rates as listed below. The long term liabilities incurred by the Town and outstanding at the end of the year consist of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2011</u>	<u>2010</u>
Debentures:				
Capital Projects	3.51%	2021	\$ 7,246,683	\$ -
Double ice-pad arena	4.89%	2035	11,228,390	11,479,111
Fire Hall	4.89%	2035	1,742,336	1,781,240
Main Street improvements	4.25%	2036	2,900,000	2,900,000
Operations Centre	4.25%	2036	6,300,000	6,300,000
New Town Hall	3.90%	2051	<u>6,000,000</u>	<u>5,000,000</u>
			<u>\$ 35,417,409</u>	<u>\$ 27,460,351</u>

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

10. Long term liabilities (continued)

Principal repayments for each of the next five years and thereafter are as follows:

2012	\$ 1,276,967
2013	1,323,133
2014	1,371,234
2015	1,424,004
2016	1,473,579
Thereafter	<u>28,548,492</u>
	\$ <u>35,417,409</u>

Interest expense on long term debt in 2011 amounted to \$810,723 (2010 - \$628,050).

11. Accumulated surplus

Accumulated surplus is comprised of the following:

	<u>2011</u>	2010 (Restated -Note 3)
Reserves set aside for specific purposes by Council		
General, clerks and treasury	\$ 9,848,623	\$ 8,116,752
Fire protection	138,318	220,375
Public Works	1,045,526	1,145,081
Parks and recreation	255,170	231,515
Museum	78,609	50,571
Library Board	169,600	104,990
Development services	42,817	36,242
Water and sewer services	1,607,814	1,660,035
Cemetery	107,303	92,928
	<u>13,293,780</u>	<u>11,658,489</u>
Reserve funds set aside for specific purpose by Council		
General purpose capital	<u>441,600</u>	<u>294,018</u>
Total reserves and reserve funds	<u>13,735,380</u>	<u>11,952,507</u>
Surpluses		
Invested in tangible capital assets	225,852,463	208,821,534
Property held for resale	2,046,590	2,046,590
Less: Amount financed by long term debt	(35,417,409)	(27,460,351)
Interest on long term debt	(534,695)	(311,519)
General	(144,222)	(2,709,239)
Library	43,517	43,517
Business Improvement Area – downtown	2,696	2,696
Employee benefits and post employment liabilities	<u>(121,868)</u>	<u>(116,353)</u>
Total surpluses	<u>191,727,072</u>	<u>180,316,875</u>
Accumulated surplus	<u>\$ 205,462,452</u>	<u>\$ 192,269,382</u>

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

12. Tangible capital assets

Cost	Balance as at December 31 <u>2010</u> (Restated – Note 3)	Additions/ <u>Donations</u>	Disposals/ <u>Transfers</u>	Balance as at December 31 <u>2011</u>
Land	\$ 36,482,955	\$ -	\$ 284,110	\$ 36,198,845
Land improvements	11,935,605	5,682,219	980,000	16,637,824
Facilities	61,380,654	12,191,142	414,945	73,156,851
Vehicles	6,206,687	460,074	198,273	6,468,488
Machinery and equipment	6,015,249	954,523	323,544	6,646,228
Transportation infrastructure	77,076,893	6,208,479	473,836	82,811,536
Environmental infrastructure	<u>46,583,755</u>	<u>8,846,045</u>	<u>167,578</u>	<u>55,262,222</u>
	245,681,798	34,342,482	2,842,286	277,181,994
Assets under construction	<u>20,758,924</u>	<u>6,125,255</u>	<u>15,674,268</u>	<u>11,209,911</u>
	<u>\$ 266,440,722</u>	<u>\$ 40,467,737</u>	<u>\$ 18,516,554</u>	<u>\$ 288,391,905</u>

Accumulated amortization	Balance as at December 31 <u>2010</u> (Restated – Note 3)	<u>Amortization</u>	<u>Disposals</u>	Balance as at December 31 <u>2011</u>
Land improvements	\$ 3,236,751	\$ 449,517	\$ 668,056	\$ 3,018,212
Facilities	14,813,418	2,086,464	371,595	16,528,287
Vehicles	2,455,214	429,161	196,277	2,688,098
Machinery and equipment	2,012,803	702,116	323,542	2,391,377
Transportation infrastructure	26,626,808	2,223,031	199,568	28,650,271
Environmental infrastructure	<u>8,474,195</u>	<u>865,172</u>	<u>76,170</u>	<u>9,263,197</u>
	<u>\$ 57,619,189</u>	<u>\$ 6,755,461</u>	<u>\$ 1,835,208</u>	<u>\$ 62,539,442</u>

Net book value	Balance as at December 31 <u>2010</u> (Restated – Note 3)	Balance as at December 31 <u>2011</u>
Land	\$ 36,482,955	\$ 36,198,845
Land improvements	8,698,855	13,619,612
Facilities	46,567,236	56,628,564
Vehicles	3,751,473	3,780,390
Machinery and equipment	4,002,446	4,254,851
Transportation infrastructure	50,450,085	54,161,265
Environmental infrastructure	<u>38,109,560</u>	<u>45,999,025</u>
	188,062,610	214,642,552
Assets under construction	<u>20,758,924</u>	<u>11,209,911</u>
	<u>\$ 208,821,534</u>	<u>\$ 225,852,463</u>

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

12. Tangible capital assets (continued)

a) Assets under construction

Assets under construction and other capital work in progress having a value of \$11,209,911 (2010 - \$20,758,924) have not been amortized. Amortization of these assets will commence when the assets are put into service.

b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$7,876,539 (2010 - \$6,717,526).

13. Government grants

The Town receives grants, subsidies and contributions from provincial and federal governments for general purposes, to finance specific program expenditures and to finance capital expenditures. Under the accrual basis of accounting these cash payments are recorded as grant revenues on the Consolidated Statement of Operations to the extent that the cash received is required to meet expenditures under the program. Any amount that is paid in excess of the program requirements is recorded as deferred revenue – obligatory reserve funds on the Consolidated Statement of Financial Position. Any amounts owed by the other governments are recorded as Accounts Receivable on the Consolidated Statement of Financial Position. Amounts received for payments-in-lieu of taxes are not reported as government transfers.

Grant revenue from the provincial and federal governments includes:

	<u>2011</u>	<u>2010</u>
Government of the Province of Ontario	\$ 3,420,490	\$ 3,157,568
Government of Canada	<u>2,780</u>	<u>16,135</u>
	<u>\$ 3,423,270</u>	<u>\$ 3,173,703</u>

14. Public liability insurance

The Town has undertaken a portion of the risk for public liability, as a means of achieving cost effective risk management. As a result, the Town is self-insured for public liability claims up to \$5,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$5,000 to a maximum of \$50,000,000 per claim or occurrence.

Claim expenses for the year in the amount of \$9,430 (2010 - \$31,795) are reported as expenses in the Consolidated Statement of Operations.

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

15. 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.

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. The cemetery is also included as it is not considered material enough to warrant a separate segment.

Protection

Protection is comprised of fire and emergency services. This department is responsible for maintaining and enhancing public safety through emergency management planning, prevention and public education programs, enforcement and emergency response.

Public works

The Public Works 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, waste/recycling collection and the school crossing guard program.

Environment

This segment consists of water and waste water. Its responsibilities include providing drinking water and the collection and treatment of waste water.

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 fitness and aquatic programs as well as parks, playgrounds, open spaces and trail systems.

Planning

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

Culture

This department supports arts and culture and promotes and preserves the community's heritage through museum services.

Library

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

The Corporation of the Town of Whitchurch-Stouffville

Notes to the Consolidated Financial Statements

December 31, 2011

15. Segmented information (continued)

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and the amounts that are allocated on a reasonable basis. Taxation revenue is allocated to the general government as there is no appropriate basis of allocation to other segments.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. The consolidated schedule of segment disclosure - service follows the notes.

16. Property held for re-sale

On January 19, 2010, Council declared the property at 5827 Main Street as surplus property for resale. The Town originally purchased the property to facilitate the Public Works Operations (vehicle and material and supplies storage). Surplus properties are to be sold and the proceeds used to fund future capital projects.

17. Commitments

Currently the Town is secured into a contract lasting 10 years (commenced 2007), with Turtle Island Waste Disposal Corp. The charges are based on metric tonnage of waste removed and disposed of. The costs incurred by the Town in 2011 were \$1,257,050 (2010 - \$1,106,400). The estimated costs for fiscal 2012 are expected to be \$1,400,000.

The Town is also currently committed to completing the Whitchurch-Stouffville Museum & Community Centre. Total incurred costs to date are \$4,481,100, and expected costs to be incurred in 2012 are \$500,000. The project is expected to be completed in fiscal 2012.

The Town is also currently committed to completing various roads projects on Rupert Ave., Palmwood Gate, Hawthorne Road & Pine St, and have incurred \$1,685,946 costs to date, with an estimated costs to be paid in 2012 amounting to \$173,877.

The Corporation of the Town of Whitchurch-Stouffville
Consolidated Schedule of Segment Disclosure
Year ended December 31

	All Segments		General Government		Protection	
	2011	2010 (Restated Note 3)	2011	2010	2011	2010
Revenues						
Taxation, penalties and interest on taxes	\$ 20,452,854	\$ 18,366,235	\$ 20,452,854	\$ 18,342,664	\$ -	\$ -
User fees, licences and fines	12,304,203	12,394,860	225,752	368,888	225,241	167,778
Grants	3,423,270	3,173,702	3,237,695	2,962,507	-	-
Investment income	896,865	543,394	869,319	525,900	-	-
Developer contributions earned	12,630,400	16,275,528	137,698	589,392	111,018	198,731
Donations and other	3,612,814	4,260,896	2,454,980	1,045,387	27,357	36,170
	<u>53,320,406</u>	<u>55,014,615</u>	<u>27,378,298</u>	<u>23,834,738</u>	<u>363,616</u>	<u>402,679</u>
Expenditures						
Salaries and wages	15,327,303	14,016,782	3,090,656	2,551,535	3,100,607	2,967,713
Materials, supplies and services	5,743,994	5,536,225	503,113	789,277	301,340	243,349
Contracted services	5,227,395	4,124,891	436,399	283,167	429,327	487,068
Rent and financial expenses	3,374,417	2,153,497	1,636,305	928,922	133,931	110,785
Transfers to other entities	3,698,766	3,667,538	1,118,750	872,437	-	-
Amortization	6,755,461	5,581,288	252,208	231,741	477,437	507,612
	<u>40,127,336</u>	<u>35,080,221</u>	<u>7,037,431</u>	<u>5,657,079</u>	<u>4,442,642</u>	<u>4,316,527</u>
Net revenues / (expenditures)	<u>\$ 13,193,070</u>	<u>\$ 19,934,394</u>	<u>\$ 20,340,867</u>	<u>\$ 18,177,659</u>	<u>\$ (4,079,026)</u>	<u>\$ (3,913,848)</u>

The Corporation of the Town of Whitchurch-Stouffville
Consolidated Schedule of Segment Disclosure
Year ended December 31

	Public Works		Environment		Recreation	
	2011	2010 (Restated Note 3)	2011	2010	2011	2010
Revenues						
Taxation, penalties and interest on taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User fees, licences and fines	-	-	6,523,269	5,974,745	2,766,734	2,464,021
Grants	-	47,206	-	-	36,115	5,415
Investment income	11,815	7,847	12,853	8,214	-	-
Developer contributions earned	5,137,841	9,545,312	4,222,565	4,074,531	2,260,012	1,449,718
Donations and other	269,591	194,653	252,780	231,860	134,063	1,172,324
	<u>5,419,247</u>	<u>9,795,018</u>	<u>11,011,467</u>	<u>10,289,350</u>	<u>5,196,924</u>	<u>5,091,478</u>
Expenditures						
Salaries and wages	1,076,862	1,126,233	856,072	861,331	3,809,395	3,361,084
Materials, supplies and services	1,110,677	997,695	512,388	468,331	2,178,051	1,799,875
Contracted services	1,479,601	1,052,518	1,126,880	969,240	273,630	461,672
Rent and financial expenses	113,412	53,511	95,620	86,160	1,307,934	929,908
Transfers to other entities	-	-	4,300,267	3,667,538	-	-
Amortization	2,740,001	1,921,775	876,577	611,262	2,261,457	2,177,683
	<u>6,520,553</u>	<u>5,151,732</u>	<u>7,767,804</u>	<u>6,663,862</u>	<u>9,830,467</u>	<u>8,730,222</u>
Net revenues / (expenditures)	\$ (1,101,306)	\$ 4,643,286	\$ 3,243,663	\$ 3,625,488	\$ (4,633,543)	\$ (3,638,744)

The Corporation of the Town of Whitchurch-Stouffville
Consolidated Schedule of Segment Disclosure
Year ended December 31

	Planning		Culture		Library	
	2011	2010	2011	2010	2011	2010
Revenues						
Taxation, penalties and interest on taxes	\$ -	\$ 23,571	\$ -	\$ -	\$ 965,251	\$ 868,713
User fees, licences and fines	2,502,843	3,237,540	10,874	130,656	49,490	51,232
Grants	50,500	50,500	41,653	37,853	57,307	73,946
Investment income	-	-	597	374	2,281	1,059
Developer contributions earned	691,266	76,029	-	256,559	70,000	85,256
Donations and other	1,075,893	1,033,560	118,773	519,589	34,377	27,353
	<u>4,320,502</u>	<u>4,421,200</u>	<u>171,897</u>	<u>945,030</u>	<u>1,178,706</u>	<u>1,107,559</u>
Expenditures						
Salaries and wages	2,252,428	2,087,299	356,182	386,208	785,101	675,379
Materials, supplies and services	891,563	853,905	97,209	239,129	149,653	144,664
Contracted services	1,440,244	822,683	19,861	39,884	21,453	8,659
Rent and financial expenses	55,714	15,187	11,876	11,191	19,625	17,833
Transfers to other entities	-	-	-	-	-	-
Amortization	-	-	4,357	4,357	143,424	126,858
	<u>4,639,949</u>	<u>3,779,074</u>	<u>489,485</u>	<u>680,769</u>	<u>1,119,256</u>	<u>973,393</u>
Net revenues / (expenditures)	\$ <u>(319,447)</u>	\$ <u>642,126</u>	\$ <u>(317,588)</u>	\$ <u>264,261</u>	\$ <u>59,450</u>	\$ <u>134,166</u>

The Corporation of the Town of Whitchurch-Stouffville
Consolidated Schedule of Segment Disclosure
Year ended December 31

	Eliminations	
	<u>2011</u>	<u>2010</u>
Revenues		
Taxation, penalties and interest on taxes	\$ 965,251	\$ 868,713
User fees, licences and fines	-	-
Grants	-	3,724
Investment income	-	-
Developer contributions earned	-	-
Donations and other	755,000	-
	<u>1,720,251</u>	<u>872,437</u>
Expenditures		
Salaries and wages	-	-
Materials, supplies and services	-	-
Contracted services	-	-
Rent and financial expenses	-	-
Transfers to other entities	1,720,251	872,437
Amortization	-	-
	<u>1,720,251</u>	<u>872,437</u>
Net revenues / (expenditures)	\$ <u>-</u>	\$ <u>-</u>