

Consolidated financial statements of

**The Corporation of the
Town of Richmond Hill**

December 31, 2011

The Corporation of the Town of Richmond Hill

December 31, 2011

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Richmond Hill

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Richmond Hill which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 Corporation of the Town of Richmond Hill as at December 31, 2011 and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
July 9, 2012

The Corporation of the Town of Richmond Hill

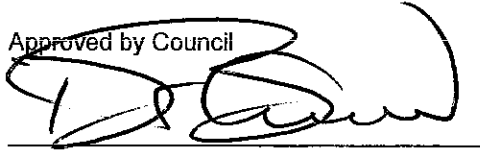

Consolidated statement of financial position

as at December 31, 2011

(In thousands of dollars)

	2011	2010
	\$	\$
Financial assets		
Cash and cash equivalents	200,412	70,199
Investments (Note 2)	189,448	266,572
Taxes and payments-in-lieu receivable (Note 4)	23,275	29,279
Accounts receivable	49,832	88,553
	462,967	454,603
Liabilities		
Accounts payable and accrued liabilities	43,248	51,067
Other liabilities	6,989	6,488
Deferred revenue (Note 5)	131,319	120,883
Employee future benefits liability (Note 6)	9,646	8,838
	191,202	187,276
Net financial assets	271,765	267,327
Commitments (Note 13)		
Contingency (Note 14)		
Non-financial assets		
Tangible capital assets (Note 16)	669,302	640,795
Inventory	239	288
Prepaid expenses	540	490
	670,081	641,573
Accumulated surplus (Note 7)	941,846	908,900

Approved by Council

The Corporation of the Town of Richmond Hill

Consolidated statement of operations

year ended December 31, 2011

(In thousands of dollars)

	2011 Budget (Unaudited) (Note 15)	2011 Actual	2010 Actual
	\$	\$	\$
Revenue			
Taxation (Note 8)	322,426	324,971	320,786
Less amounts received for Region and School Boards	(243,130)	(245,617)	(245,696)
	79,296	79,354	75,090
User charges	58,922	60,271	56,230
Grants (Note 9)	9,250	4,190	17,742
Permits, penalties, rents and other	14,828	15,642	15,998
Investment income	16,779	13,122	18,521
Revenue recognized on contributed tangible capital assets	26,000	21,361	26,811
Developer and other contributions earned	11,361	19,442	30,157
	216,435	213,382	240,549
Expenses (Note 11)			
General government	27,632	25,429	26,457
Protection to persons and property	23,645	24,906	23,768
Transportation services	13,103	12,018	11,662
Environmental services	48,834	46,606	43,986
Recreation and cultural services	38,406	37,131	35,966
Planning and development	6,227	5,649	5,981
Community grants	271	243	187
Amortization of tangible capital assets	26,900	28,454	26,913
	185,018	180,436	174,920
Annual surplus	31,417	32,946	65,629
Accumulated surplus, beginning of year	908,900	908,900	843,271
Accumulated surplus, end of year	940,318	941,846	908,900

The Corporation of the Town of Richmond Hill

Consolidated statement of change in net financial assets

year ended December 31, 2011

(In thousands of dollars)

		2011	2010
	Budget (Unaudited) (Note 15)	Actual	Actual
	\$	\$	\$
Annual surplus	31,417	32,946	65,629
Acquisition of tangible capital assets	(26,000)	(58,545)	(88,863)
Amortization of tangible capital assets	24,900	28,454	26,913
Gain/loss on disposal of tangible capital assets	-	(585)	(257)
Proceeds from sale of tangible capital assets	-	2,169	642
Change in prepaid expenses	-	(50)	(180)
Change in inventory	-	49	(16)
Change in net financial assets	30,317	4,438	3,868
Net financial assets, beginning of year	267,327	267,327	263,459
Net financial assets, end of year	297,644	271,765	267,327

The Corporation of the Town of Richmond Hill

Consolidated statement of cash flow

year ended December 31, 2011

(In thousands of dollars)

	2011	2010
	\$	\$
Operating activities		
Annual surplus	32,946	65,629
Items not involving cash		
Amortization of tangible capital assets	28,454	26,913
Revenue recognized on contributed capital assets	(21,361)	(26,811)
Gain/loss on disposal of tangible capital assets	(585)	(257)
Change in non-cash assets and liabilities		
Change in taxes and payments-in-lieu receivable	6,004	2,028
Change in inventory	49	(16)
Change in prepaid expenses	(50)	(180)
Change in accounts receivable	38,721	(3,912)
Change in accounts payable and accrued liabilities	(7,819)	15,521
Change in other liabilities	501	549
Change in deferred revenue	10,436	(19,706)
Change in employee future benefits liability	808	750
	88,104	60,508
Capital activities		
Acquisition of tangible capital assets	(37,184)	(62,052)
Proceeds from sale of tangible capital assets	2,169	642
	(35,015)	(61,410)
Investing activity		
Change in investments	77,124	51,848
Net change in cash during the year	130,213	50,946
Cash, beginning of year	70,199	19,253
Cash, end of year	200,412	70,199

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

1. Summary of significant accounting policies

The consolidated financial statements of The Corporation of The Town of Richmond Hill (the "Town") are the representations of management prepared in accordance with local government accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Significant accounting policies adopted include:

(a) *i) Reporting entity*

These consolidated financial statements (the "financial statements") reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees which are controlled by the Town, including the Richmond Hill Public Library Board and Village of Richmond Hill Business Improvement Area.

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

ii) Accounting for region and school board

The taxation, other revenues, expenditures, assets, and liabilities with respect to the operations of The York Region District School Board, The York Region Roman Catholic Separate School Board, and The Region of York are not reflected in the municipal fund balances of these consolidated financial statements.

iii) Trust funds

Trust funds and their related operations administered by the Town are not included in the consolidated financial statements.

(b) *Basis of accounting*

i) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

ii) Investments

Investments are recorded at the lower of cost or market value.

iii) Revenues and expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities unless they are held for use in the provision of services. They have lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Tangible capital and other non-financial assets are accounted for as assets by the Town because they can be used to provide services in future periods.

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

1. Summary of significant accounting policies (continued)

(b) Basis of accounting (continued)

v) i) Tangible capital assets

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

Assets	Asset subcategory	Useful life (years)
General assets		
Land		Indefinite
Land improvement	Parks and parkettes	10-40
	Parking lots	15
Buildings	Structural and architectural	40
	Mechanical	25
	Electrical	20
Vehicles	Vehicles	3-10
Machinery and equipment	Fire equipment	5-15
	Arena and fitness equipment	4-20
	Hardware and software	4-15
Others	Library material	4-12
Infrastructure assets		
Transportation network	Traveled roads	20
	Sidewalk and walkways	40-80
	Bridges and culverts	30-100
Water network	Water main	50-100
	Valves	35
	Water meter	20
Waste water	Sanitary sewers	75-100
	Pump and lift station	10-50
Storm water	Storm sewer	30-100

Amortization

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

1. Summary of significant accounting policies (continued)

(b) Basis of accounting (continued)

v) *i) Tangible capital assets (continued)*

Contribution of tangible capital assets

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

Intangible assets

Intangible assets are not recognized as assets in the financial statements.

Interest capitalization

The Town's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

vi) Deferred revenue

Deferred revenues represent government transfers, user charges, development charges and other fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

vii) Employee future benefits

The present value of the cost of providing employees with future benefits 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.

Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

viii) Investment income

Investment income earned on operating funds, capital funds, reserves and reserve funds (other than obligatory funds) 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 balances.

ix) Government transfers

Government transfers are recognized in the financial statements as revenue in the financial period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be determined.

x) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these amounts. Significant estimates include employee future benefits and amortization of tangible capital assets.

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

2. Investments

Investments in consolidated statement of financial position are reported at cost. Investments had a market value of \$241,157 (2010 - \$307,278) at the end of the year. They consist of investments pursuant to provisions of the Town's investment policy and comprise government and corporate bonds, debentures and long-term instruments of various financial institutions.

3. Trust funds

Trust funds administrated by the Town amount to \$26 (2010 - \$22). As the Town holds these funds in trust for the benefit of others, they are not presented as part of the Town's financial position or financial activities.

4. Taxes and payments-in-lieu receivable

The balance in taxes and payments-in-lieu receivable, including penalties and interest, is comprised of the following:

	2011	2010
	\$	\$
Current year	12,891	17,407
Previous years	8,734	9,722
Penalties and interest	1,650	2,150
	23,275	29,279

5. Deferred revenue

Deferred revenue represents government transfers, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. The following is the current status of the deferred revenues:

	2011	2010
	\$	\$
Obligatory Reserve Funds		
Development charges	82,324	84,116
Parkland	28,092	18,570
Government transfers	17,345	15,186
Other	893	1,322
Deferred revenue - general	2,666	1,689
Total	131,319	120,883

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

5. Deferred revenue (continued)

Continuity of deferred revenue is as follows:

	2011	2010
	\$	\$
Balance, beginning of year	120,883	140,589
Developer and other contributions collected	12,075	12,835
Cash in lieu - Parkland	9,097	2,774
General deferred revenues collected	2,666	1,689
Federal gas tax grant collected	4,991	5,005
Stimulus funds and Recreational Infrastructure Canada grant collected	-	-
Interest earned	2,184	2,705
	31,013	25,008
Less		
Developer and other contributions used in capital operations	14,751	25,084
Cash in lieu - Parkland	281	-
Federal gas tax grant used in capital operations	2,289	2,036
Stimulus funds and Recreational Infrastructure Canada grant used in capital operations	1,084	14,842
Developer and other contributions used in current operations	483	833
General deferred revenues recognized	1,689	1,920
	20,577	44,714
Balance, end of year	131,319	120,883

6. Employee future benefits

(a) Employee future benefits

Health and dental benefits

Employee future benefits include health and dental benefits that the Town pays on behalf of its current and retired employees. The Town recognizes these post-retirement costs as they are earned during the employees' tenure of service.

Vested sick leave benefit

Under the sick leave benefit plan available only to the Town's firefighters, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Town's employment, provided they have ten years of service.

The benefit liability at December 31, 2011 of \$7,738 (2010 - \$7,338) was determined by actuarial valuation. The accrued benefit liability and the expense for the year ended December 31, 2011 were based on assumptions used for the December 31, 2011 actuarial valuation.

An actuarial loss is being amortized on a straight-line basis over the expected average remaining service life, estimated to be 14 years.

The significant actuarial assumptions employed in the actuarial valuations are as follows:

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

6. Employee future benefits (continued)

(a) Employee future benefits (continued)

i) General inflation

Future general inflation levels were assumed to be 2.0% in 2011 and thereafter.

ii) Interest (discount) rate

The present value as at December 31, 2011 of the future benefits was determined using a discount rate of 4.25%. This corresponds to the assumed inflation rate plus an assumed rate of return of 2.25%.

iii) Health costs

Utilization weighted average health costs were assumed to increase at 6.67% rate for 2012 and gradually reduce to a 4.0% in 2020 and remain at that level thereafter.

iv) Dental costs

Dental costs were assumed to increase at 4.0% per year for 2012 and thereafter.

(b) Workplace Safety and Insurance Board Liability

Effective January 1, 1994, the Corporation of the Town of Richmond Hill became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self-insurance for all its employees.

The Workplace Safety and Insurance Board liability at December 31, 2011 of \$1,908 (2010 - \$1,500) was determined by an actuarial update for the year ended December 31, 2011.

Information about the Town's employee future benefits liability is as follows:

	Retirees	WSIB	2011	2010
	\$	\$	\$	\$
Accrued future benefits liability, beginning of year	7,338	1,500	8,838	8,088
Current service costs	436	338	774	756
Interest accrued	376	111	487	481
Benefits paid during the period	(425)	(262)	(687)	(637)
Plan amendments	-	118	118	20
Amortization of actuarial loss	13	103	116	130
Employee future benefits liability, end of year	7,738	1,908	9,646	8,838
Accrued benefit obligations	8,282	2,480	10,762	9,800
Unamortized actuarial loss	(544)	(572)	(1,116)	(962)
Employee future benefits liability, end of year	7,738	1,908	9,646	8,838

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

7. Accumulated surplus

Accumulated surplus consists of individual fund surplus, invested in tangible capital assets, reserves, and reserve funds as follows:

	2011	2010
	\$	\$
Surplus		
Operating funds	753	365
Unspent capital funds	22,461	27,835
Invested in tangible capital assets	669,302	640,795
Unfunded employees future benefits	(9,646)	(8,838)
Unfunded vacation pay	(56)	(40)
	<u>682,814</u>	<u>660,117</u>
Reserves set aside for special purposes by Council		
Elections	150	-
Contingencies	17,620	18,700
Acquisition of tangible capital assets	3,551	3,698
Operations and special purposes	11,052	11,872
	<u>32,373</u>	<u>34,270</u>
Reserve funds set aside for special purposes by Council		
Acquisition of tangible capital assets	151,213	144,809
Insurance	1,240	1,282
W.S.I.B.	5,139	4,453
Fire fighters' sick leave	1,379	1,480
Operating and special purposes	67,688	62,489
	<u>226,659</u>	<u>214,513</u>
	<u>941,846</u>	<u>908,900</u>

8. Taxation

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipal Council establishes the tax rates annually, incorporating amounts to be raised for local services, the requisitions made by the Region of York in respect to Regional services and amounts the Town is required to collect on behalf of the School Board(s) in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Town upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no collection risk.

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

9. Grants

	2011	2010
	\$	\$
Government of Canada	1,601	9,615
Province of Ontario	2,590	8,127
	<u>4,190</u>	<u>17,742</u>

10. Segment information

The Town of Richmond Hill is a diversified municipal government institution that provides a wide range of services to its residents, including water, fire, library, and arena. For management reporting purposes the municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to accomplish certain objectives in accordance with special regulations, restrictions or limitations. Town services are provided by departments/divisions and their activities are reported in these funds. Divisions that have been separately disclosed in the segmented information as follows:

General government

Corporate and Financial services department is primarily responsible for the provision of internal services that support the work of management and staff across all municipal departments as well as for the provision of external services to the public. These services are provided through governance and corporate management divisions that include Council, Chief Administrative Officer's office, Town Clerk, Information Technology, Human Resource, Taxation, and Corporate finance.

Protection to person and property

Protection is comprised of the Fire service and Regulatory Services divisions. The Fire Service is responsible to provide fire suppression service; fire prevention, training and other emergency services to the Town of Richmond Hill. The Fire Services responds to a variety of calls including fires, medical assistance, rescue, auto extrication, public assistance, spills, and release of materials hazardous to the environment.

The Regulatory Services division ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards, parking, and by-law for the protection of occupants.

Transportation services

The Environment & Infrastructure Service (EIS) department provides the majority of the capital transportation services, such as roads design construction, maintenance, and assessment of infrastructure. The Roads Section of Community Services (CS) department is responsible for the maintenance for all municipal roads, sidewalks, storm sewers, road and sidewalk snow clearing and winter control.

Environmental services

The EIS department and Public Works Operations of the Community Services department provide environmental services. The EIS department is responsible for the capital design and construction of water, wastewater, and sewer infrastructure. The operation and maintenance of the Town's water, wastewater, and sewage infrastructure is the responsibility of the Public Works Operations Division of the Community Services Department.

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

10. Segment information (continued)

Recreation and cultural services

The Community Services department provides public services that contribute to neighborhood development and sustainability through the provision of parks operations, recreation, and leisure services such as fitness, skating, and aquatic programs. The department also contributes towards information and cultural needs of the Town's residents through the provision of theater services and special events. Library services provided by Richmond Hill Library Board are also included.

Planning and development

The Planning and Regulatory Services department manages urban development, local neighborhood planning, community development and heritage matters. It deals with planning from a broad policy perspective, formulating and promoting long-term planning policy. The Heritage Richmond Hill (HRH) Committee provides advice on Heritage matters, as well as recommendations to Council under the Ontario Heritage Act with respect to the heritage designation of properties. The Development Section processes and makes recommendations on development applications. Such applications include Official Plan and zoning by-law amendments, plans of subdivisions and site plans. The Committee of Adjustment processes applications related for minor variances and consents to sever parcels of land.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

11. Classification of expenditures by object

The Consolidated Statement of Financial Activities presents the expenditures by function, whereas the following classifies those same expenditures by object:

	2011	2010
	\$	\$
Salaries, wages and employee benefits	79,710	76,194
Operating materials and supplies	23,734	25,899
Contracted services	44,219	41,797
Rents and financial expenses	4,076	3,925
External transfers to others	243	192
Amortization of tangible capital assets	28,454	26,913
	180,436	174,920

12. Pension agreements

The Town is required to participate in and make contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution rate for 2011 was 7.4% (2010 - 6.4%) up to CPP earnings limit and 10.7% above CPP earnings limit (2010 - 9.7%). The amount contributed to OMERS for 2011 was \$4,670 (2010 - \$3,840) for current service and is included as an expenditure on the Consolidated statement of operations.

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

13. Commitments

- (a) The term of the Town of Richmond Hill Public Library Board's lease of office space extended for a period of three years and expires March 31, 2015. The fixed annual obligations over the next three years are as follows:

	\$
2012	150
2013	154
2014 to 2015	196
	<hr/> 500

- (b) The Town leases land under agreement for Elvis Stojko Arena that expires December 31, 2015. The obligations over the remaining life of the lease are as follows:

	\$
2012	110
2013	113
2014 to 2015	236
	<hr/> 459

- (c) The Town has entered into various contracts for maintenance and repairs of Town's infrastructure. The obligations over the remaining life of these contracts are as follows:

	\$
2012	3,158
2013	2,983
2014 to 2016	2,811
	<hr/> 8,952

- (d) The Town leases various equipments such as postage meters and photocopiers. The fixed annual obligations over next four years are as follows:

	\$
2012	33
2013	34
2014 to 2015	57
	<hr/> 124

- (e) The Town continues to be in a contract for the handling of garbage, recycling materials, and snow removal. The obligations over the remaining life of this contract are as follows:

	\$
2012	1,695
2013	1,695
2014 to 2016	1,695
	<hr/> 5,085

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

13. Commitments (continued)

- (f) The Town of Richmond Hill has entered into contracts for the construction of major tangible capital assets. The unpaid portion of these contracts amounted to \$14,890 as at December 31, 2011 (2010 - \$36,857).
- (g) The Town continues to be in a common area maintenance agreement for the Town hall building. The obligations over the remaining life of this contract are as follows:

	\$
2012	172
2013	177
2014 to 2015	370
	<hr/> 719

14. Contingency

The Town is the defendant in several legal actions claiming personal, property and other damages. Many of these claims are being handled by the Town's insurers. The outcome of these actions is not determinable as at the date of reporting and accordingly, to the extent not covered by insurance or inclusion in the financial statements, management is of the opinion that no liability would be material to the Town's financial position.

15. Budget figures

The budgets originally approved by Town Council for 2011, adjusted as noted below, are reflected on the consolidated statement of operations and consolidated statement of change in net financial assets.

- a) An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original council approved budget.
- b) Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on management's best estimate of the value of contributed tangible capital assets determined at the beginning of the year. Neither the cost of the contributed tangible capital assets nor the revenue was included in the original council approved budget.
- c) 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 reclassified for purposes of these consolidated financial statements to comply with PSAB reporting requirements and are not audited.

The Corporation of the Town of Richmond Hill

Notes to the consolidated financial statements

December 31, 2011

(In thousands)

16. Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, or betterment of the asset.

	2011 Net book value	2010 Net book value
	\$	\$
General		
Land	70,813	70,432
Land improvements	51,807	48,940
Buildings	145,517	139,378
Vehicles	6,756	6,429
Machinery and equipment	7,865	8,751
Other	5,255	5,911
Total general	288,013	279,841
Infrastructure		
Land	8,440	8,440
Roads network	120,300	115,514
Water network	49,805	46,205
Wastewater network	43,792	41,656
Storm water network	123,026	116,012
	345,363	327,827
Work in progress	35,926	33,127
	669,302	640,795

a) Contributed tangible capital assets

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

The value of contributed tangible assets received during the year is \$ 21,361 (2010 - \$26,811) comprised of roads infrastructure in the amount of \$8,964 (2010 - \$8,413), storm water \$8,179 (2010 - \$10,114) and water and wastewater infrastructure in the amount of \$4,218 (2010 - \$7,023).

b) Capital work in progress (WIP)

Tangible capital assets under construction are not amortized until the assets are available for productive use. The value of WIP at the end of year is \$ 35,926 (2010 - \$33,127).

For additional information, see the consolidated schedule of tangible capital assets (Schedule 2).

Town of Richmond Hill

Consolidated schedule of segmented disclosure - Schedule 1 year ended December 31, 2011

	2011							
	General government	Protection to persons and property	Transportation services	Environmental services	Health and social services	Recreation and culture and development	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries, wages and employees benefits	17,287	22,940	6,986	2,895	-	24,013	5,589	79,710
Operating materials and supplies	5,220	1,252	1,667	4,919	-	10,641	38	23,736
Contracted services	1,622	604	4,168	35,833	-	1,969	22	44,218
Rents and financial expenses	3,274	70	24	309	-	399	-	4,076
External transfer to others	-	-	-	-	243	-	-	243
Amortization expenses	2,761	1,055	9,255	4,733	-	10,650	-	28,454
	30,164	25,921	22,100	48,689	243	47,672	5,649	180,437
Revenue								
Tax revenues	13,347	12,838	6,275	24,134	124	19,681	2,955	79,354
User charges	1,411	728	530	45,900	3	10,184	1,515	60,271
Grants	246	-	630	596	-	2,719	-	4,191
Permits, penalties, rents and other	1,793	1,378	-	-	-	4,710	3,726	11,607
Fines and Penalties	2,795	44	1,195	-	-	-	-	4,034
Investment income	7,087	-	4,451	1,520	-	65	-	13,123
Developers contribution	14,334	1,477	1,514	428	-	1,151	537	19,441
Contributed TCA	-	-	8,964	12,397	-	-	-	21,361
	41,013	16,465	23,559	84,975	127	38,510	8,733	213,382
Annual surplus	10,849	(9,456)	1,459	36,286	(116)	(9,162)	3,084	32,945

Town of Richmond Hill

Consolidated schedule of segmented disclosure - Schedule 1 year ended December 31, 2010

	2010							
	General government	Protection to persons and property	Transportation services	Environmental services	Health and social services	Recreation and culture	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries, wages and employees benefits	16,288	21,915	6,381	2,686	-	23,291	5,633	76,194
Operating materials and supplies	6,493	1,168	2,121	4,884	-	10,942	291	25,899
Contracted services	680	657	3,042	35,951	-	1,410	57	41,797
Rents and financial expenses	2,996	28	146	437	-	318	-	3,925
External transfer to others	-	-	-	-	187	5	-	192
Amortization expenses	2,677	924	8,805	4,332	-	10,175	-	26,913
	29,134	24,692	20,495	48,290	187	46,141	5,981	174,920
Revenue								
Tax revenues	13,923	11,969	6,267	21,440	94	18,385	3,012	75,090
User charges	1,313	705	488	42,111	-	10,115	1,498	56,230
Grants	2,881	-	5,626	537	-	8,698	-	17,742
Permits, penalties, rents and other	1,641	1,237	-	-	-	4,672	3,769	11,319
Fines and Penalties	3,023	775	881	-	-	-	-	4,679
Investment income	7,615	-	8,371	2,295	-	240	-	18,521
Developers contribution	11,242	3,013	5,433	28	-	9,993	448	30,157
Contributed tangible capital assets	-	-	9,675	17,136	-	-	-	26,811
Increase in amounts to be recovered and in non-financial assets	-	-	-	-	-	-	-	-
	41,638	17,699	36,741	83,547	94	52,103	8,727	240,549
Annual surplus	12,504	(6,993)	16,246	35,257	(93)	5,962	2,746	65,629

Town of Richmond Hill

Consolidated schedule of tangible capital assets - Schedule 2 year ended December 31, 2011

	2011					General
	Land	Land improvements	Land	Buildings	Vehicles	
	\$	\$	\$	\$	\$	\$
Cost						
Balance, beginning of year	70,432	79,357	213,238	14,589	18,860	14,845
Add: additions during the year	1,176	2,996	1,831	1,753	1,313	1,206
WIP completed	-	3,640	10,944	-	18	-
Contributed assets	-	-	-	-	-	-
Less: disposals during the year	(795)	(490)	(618)	(480)	(991)	(959)
Balance, end of year	70,813	85,503	225,396	15,861	19,200	15,092
Accumulated amortization						
Balance, beginning of year	-	30,417	73,860	8,160	10,109	8,934
Add: amortization during the year	-	3,739	6,424	1,421	2,000	1,671
Less: accumulated amortization on disposals	-	(460)	(405)	(476)	(773)	(769)
Balance, end of year	-	33,696	79,879	9,105	11,336	9,836
Net book value of tangible capital assets	70,813	51,807	145,517	6,756	7,864	5,256

Town of Richmond Hill

Consolidated schedule of tangible capital assets - Schedule 2 (continued) year ended December 31, 2011

	2011					2011	
	Land (Infrastructure)	Roads network	Water network	Wastewater network	Infrastructure Storm water network	WIP	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	8,440	274,380	64,729	53,176	154,146	33,127	999,319
Add: additions during the year	-	3,549	728	267	1,149	21,484	37,453
WIP completed	-	893	2,842	-	78	(18,415)	-
Contributed assets	-	8,964	1,664	2,554	8,179	-	21,361
Less: disposals during the year	-	(159)	(247)	(259)	(35)	(271)	(5,304)
Balance, end of year	8,440	287,627	69,716	55,738	163,517	35,926	1,052,829
Accumulated amortization							
Balance, beginning of the year	-	158,866	18,524	11,520	38,134	-	358,524
Add: amortization during the year	-	8,607	1,542	685	2,365	-	28,454
Less: accumulated amortization on disposals	-	(146)	(155)	(259)	(8)	-	(3,451)
Balance, end of year	-	167,327	19,911	11,946	40,491	-	383,527
Net book value of tangible capital assets	8,440	120,300	49,805	43,792	123,026	35,926	669,302