



GEORGINA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

Corporation of The Town of Georgina
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Keswick, Ontario, Canada
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**Town of Georgina
Consolidated Financial Statements
December 31, 2015**

Adopted by Council on June 22, 2016

Council of the Town of Georgina

Mayor Margaret Quirk
Deputy Mayor Danny Wheeler
Councillor Naomi Davison, Ward 1
Councillor Dan Fellini, Ward 2
Councillor Dave Neeson, Ward 3
Councillor Frank A. Sebo, Ward 4
Councillor Dave Harding, Ward 5

Chief Administrative Officer

Winanne Grant, BA, AMCT, CEMC

**The Corporation of the
Town of Georgina
Consolidated Financial Statements
Year ended December 31, 2015**

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Independent Auditor's Report

To the Mayor and Councilors of The Corporation of the Town of Georgina

We have audited the accompanying consolidated financial statements of **The Corporation of the Town of Georgina** which comprise the statement of financial position as at December 31, 2015, and the statement of operations and accumulated surplus, statement of cash flows and statement of changes 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 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 Georgina** as at December 31, 2015 and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2016
Newmarket, Ontario

The Corporation of the Town of Georgina
Consolidated Statement of Financial Position

December 31

	<u>2015</u>	<u>2014</u>
		Note 3 (Restated)
	\$	\$
Financial assets		
Cash and cash equivalents (Note 7)	40,602,382	34,544,499
Taxes receivable (Note 8)	4,867,841	5,728,376
Water and sewer charges receivable	2,201,023	1,804,196
Accounts receivable (Note 9)	2,535,522	2,799,798
	<u>50,206,768</u>	<u>44,876,869</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	16,777,243	14,348,621
Deferred revenue - obligatory reserve funds (Note 11)	9,651,793	6,583,499
Employee future benefits payable (Note 12)	3,106,614	2,907,887
Long-term debt (Note 15)	11,345,911	12,318,549
	<u>40,881,561</u>	<u>36,158,556</u>
Net Financial Assets	<u>9,325,207</u>	<u>8,718,313</u>
Non-financial assets		
Inventory held for own use	346,292	256,466
Prepaid expenses and deposits	1,030,294	490,652
Tangible capital assets (Note 16 and Schedule 1)	346,999,644	349,513,575
	<u>348,376,230</u>	<u>350,260,693</u>
Accumulated surplus (Note 18)	<u>357,701,437</u>	<u>358,979,006</u>

Commitments, contractual obligations and contingencies (Note 17)

The Corporation of the Town of Georgina
Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31

	2015		2014
	Budget	Actual	Actual
			Note 3 (Restated)
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	36,701,810	36,966,544	34,335,504
User fees and service charges	8,235,630	8,142,653	7,324,124
Government grants and contributions (Note 13)	763,780	827,199	389,633
Fines, penalties and interest	1,065,500	919,522	1,076,847
Licenses and permits	1,100,100	1,461,202	1,009,547
Investment income	460,240	404,013	479,602
Revenue from other municipalities	799,730	115,712	1,256,576
Other	-	498,028	190,778
Other - assumed properties	-	449,000	4,242,200
Federal Gas Tax earned	3,814,080	1,578,201	636,128
Developer contributions earned	469,080	106,523	388,376
Rents and concessions	221,850	108,236	112,480
Proceeds from insurance	-	61,636	65,309
Donations	43,050	950,565	93,499
Total revenues	<u>53,674,850</u>	<u>52,589,034</u>	<u>51,600,603</u>
Expenses			
Recreation and cultural services	15,059,136	15,545,332	14,417,260
Protection to persons and property	9,457,230	9,816,688	9,152,461
Transportation services	10,891,321	11,115,021	10,994,570
General government	6,052,412	7,241,203	6,382,469
Environmental services	7,342,725	7,942,712	7,212,626
Planning and development services	1,961,459	1,711,732	1,807,690
Health services	42,549	21,774	89,692
Social and family services	324,408	321,302	329,937
Total expenses	<u>51,131,240</u>	<u>53,715,764</u>	<u>50,386,705</u>
Net revenues (expenses)	2,543,610	(1,126,730)	1,213,898
Loss on disposal of tangible capital assets	-	(150,839)	(9,483)
Annual surplus (deficit)	<u>2,543,610</u>	<u>(1,277,569)</u>	<u>1,204,415</u>
Accumulated surplus, beginning of year as previously reported		-	355,918,491
Prior period adjustment (Note 3)		-	1,856,100
Accumulated surplus, beginning of year, restated		<u>358,979,006</u>	<u>357,774,591</u>
Accumulated surplus, end of year		<u>357,701,437</u>	<u>358,979,006</u>

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

The Corporation of the Town of Georgina
Consolidated Statement of Cash Flows
Year ended December 31

	<u>2015</u>	<u>2014</u>
		Note 3
	\$	(Restated)
		\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus (deficit)	(1,277,569)	1,204,415
Amortization expense	11,174,323	10,790,268
Loss on disposal of tangible capital assets	150,839	9,483
Changes in non-cash item balances		
Taxes receivable	860,535	(257,476)
Water and sewer charges receivable	(396,827)	159,885
Accounts receivable	264,276	(883,602)
Inventory held for own use	(89,826)	(51,386)
Prepaid expenses	(539,642)	(147,048)
Accounts payable and accrued liabilities	2,428,622	2,873,655
Deferred revenue - obligatory reserve funds	3,068,294	1,952,870
Employee future benefits payable	198,727	56,305
Cash provided by operating activities	<u>15,841,752</u>	<u>15,707,369</u>
Capital activities		
Acquisition of tangible capital assets	<u>(8,811,231)</u>	<u>(9,016,119)</u>
Financing activities		
Principal repayment on long-term debt	(718,845)	(685,838)
Mortgage payable and tile drainage loan	<u>(253,793)</u>	<u>(471,667)</u>
Cash provided by financing activities	<u>(972,638)</u>	<u>(1,157,504)</u>
Net change in cash and cash equivalents	6,057,283	5,533,746
Cash and cash equivalents, beginning of year	<u>34,544,499</u>	<u>29,010,753</u>
Cash and cash equivalents, end of year	<u>40,602,383</u>	<u>34,544,499</u>

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

The Corporation of the Town of Georgina
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31

	2015	2015	2014
	Budget	Actual	Note 3 (Restated)
	\$	\$	\$
Annual surplus (deficit)	<u>2,543,610</u>	<u>(1,277,569)</u>	<u>1,204,415</u>
Acquisition of tangible capital assets	(16,772,970)	(8,811,231)	(9,016,119)
Loss on disposal of tangible capital assets	-	150,839	9,483
Amortization of tangible capital assets	<u>11,174,320</u>	<u>11,174,323</u>	<u>10,790,268</u>
	<u>(5,598,650)</u>	<u>2,513,931</u>	<u>1,783,632</u>
Changes in inventory held for use	-	(89,826)	(51,386)
Changes in prepaid expenses	-	(539,642)	(147,048)
	-	<u>(629,468)</u>	<u>(198,434)</u>
Change in net financial assets	(3,055,040)	606,894	2,789,613
Net financial assets, beginning of year	<u>8,718,313</u>	<u>8,718,313</u>	<u>5,928,700</u>
Net financial assets, end of year	<u>5,663,273</u>	<u>9,325,207</u>	<u>8,718,313</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements

December 31, 2015

The Town of Georgina (the "Town") is a lower-tier municipality in the Region of York (the "Region"), 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.

1. Summary of significant accounting policies

The consolidated financial statements of the Town are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB").

Significant accounting policies adopted by the Town are as follows:

Reporting entity

These consolidated financial statements reflect the financial assets, liabilities, revenues and expenses, changes in accumulated surplus and changes in net assets of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town. Accordingly, the following are consolidated in these financial statements:

Belhaven Community Hall Board
Egypt Community Hall Board
Port Bolster Community Hall Board
Udora Community Hall Board
Georgina Public Library Board
Cooke's Cemetery Board
Keswick Cemetery Board

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

The operations of the school boards and the Region are not reflected in the Town's financial statements except to record any resulting receivable or payable balance with the Town at year-end.

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the "Trust Fund Statement of Continuity" and "The Trust Fund Balance Sheet".

Cash and cash equivalents

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

1. Summary of significant accounting policies (continued)

Accrual accounting

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

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.

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 an asset. The cost, less residual value, is amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Land improvements	12-100
Buildings and building components	15-50
Transportation network (includes roads, sidewalks, bridges and structures, street lights, etc.)	10-50
Vehicles	5-20
Machinery and equipment	5-40
Information technology	3-7
Library collection	7
Pumping stations	20-100
Sanitary sewer	70-100
Storm sewer	50-100
Water linear	70-100

Assets are amortized in the year of purchase or in-service date. Annual amortization is charged in the year of acquisition for pooled assets. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$20,000 for all assets in the general category and \$50,000 for all assets in the infrastructure category (except land improvements which have a threshold of \$20,000). Individual assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value. Examples of pools are computer systems, library collection, and streetlights. The Town's threshold for pooled assets is \$20,000. The Library pools all of their assets and their capitalization threshold is \$10,000.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

1. Summary of significant accounting policies (continued)

Contribution of tangible capital assets

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

Interest capitalization

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

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Employee future benefits payable

Vacation entitlements are accrued for as entitlements are earned.

The Town accrues for its obligations under other future employee programs and the related costs. The Town has adopted the following accounting policies:

- 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.
- The present value of the cost of providing employees with other future benefit programs is expensed when employees earn these entitlements through service.
- Net actuarial gains and losses related to the employee benefits are amortized over the estimated average remaining useful life of the employees.

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 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.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

1. 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 amounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges and cash-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 specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

Reserves and reserve funds

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

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.

Sales of service and other revenue is recognized on an accrual basis.

Investment income

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

Government transfers

Government transfers include entitlements, transfers under shared cost agreements, and grants. Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfers are recognized in the statement of operations as the stipulation liabilities are settled.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenses during the reporting period. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets and significant accruals. Actual results could differ from these estimates.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

1. Summary of significant accounting policies (continued)

Budget figures

Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The approved operating and capital budgets are reflected on the consolidated statement of operations. 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 expense amounts.

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.

2. Change in Accounting Policy

Effective January 1, 2015, the Town adopted the Public Sector Accounting Standard Section PS 3260 Liability for Contaminated Sites. This change in accounting policy has been made in accordance with the transitional provisions of the standard which is to be applied either retroactively or prospectively. The Town has chosen to apply this standard prospectively. As a result of this change in accounting policy, there has been no effect on the financial statements.

3. Prior period adjustment

During the 2015 fiscal year, it was determined that certain land assumed by the Town under various agreements had not been recorded. The comparative figures have been adjusted as follows:

Statement of Financial Position

Increase in tangible capital assets	1,902,800
Increase in accumulated surplus, December 31, 2014	1,902,800

Statement of Operations

Increase in Other-assumed properties	46,700
Increase in annual surplus	46,700
Increase in opening accumulated surplus, January 1, 2014	1,856,100

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

4. Budget reconciliation

The authority of Council is required before monies can be spent by the Town. Approvals are given in the form of an annually approved budget. The budget approved by Council differs from the budget in the consolidated statement of operations as the Council approved budget has been adjusted to account for material changes due to PSAB reporting requirements.

	<u>Revenue</u>	<u>Expenses</u>
	\$	\$
Council approved budget:		
Operating fund	56,076,920	58,079,200
Capital budget carried over from previous years	14,151,500	16,772,970
Total Council approved budget	<u>70,228,420</u>	<u>74,852,170</u>
Add: Amortization expense	-	11,174,320
Less: Consolidation adjustments	(6,976,730)	(8,784,010)
Less: PSAB adjustments	(9,576,840)	(11,927,570)
Less: Tangible capital assets capitalized	<u>-</u>	<u>(14,183,670)</u>
Adjusted budget per consolidated statement of operations	<u>53,674,850</u>	<u>51,131,240</u>

5. Trust fund

The Trust fund administered by the Town amounting to \$62,236 (2014 - \$54,900) is presented in a separate financial statement of trust balances and operations. As such balances are held in trust by the Town for the benefit of others, they are not included in the Town's consolidated statements of financial position or operations.

6. Operations of school boards and the Region of York

During 2015, requisitions were made by the district school boards and the Region, requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
School boards	<u>14,611,555</u>	14,578,250
Region of York	<u>24,165,214</u>	<u>23,716,648</u>
	<u>38,776,769</u>	<u>38,294,898</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

7. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	2015	2014
	\$	\$
Restricted - obligatory reserve funds (refer to Note 11)	9,651,793	6,583,499
Unrestricted and undesignated	30,950,589	27,961,000
	<u>40,602,382</u>	<u>34,544,499</u>

8. Taxes receivable

	2015	2014
	\$	\$
Current year	3,474,344	4,104,702
Arrears previous years	1,702,713	2,195,470
	5,177,057	6,300,172
Less: allowance	(309,216)	(571,796)
	<u>4,867,841</u>	<u>5,728,376</u>

9. Accounts receivable

	2015	2014
	\$	\$
Government entities	1,550,960	977,524
Trade and other receivables	1,111,726	1,919,438
	2,662,686	2,896,962
Less: allowance	(127,164)	(97,164)
	<u>2,535,522</u>	<u>2,799,798</u>

10. Accounts payable and accrued liabilities

	2015	2014
	\$	\$
Trade payables and accruals	14,493,186	10,809,802
School boards	105,547	(78,032)
Region of York	198,144	2,297,651
Interest on long-term debt	130,869	137,781
Payroll	1,849,497	1,181,419
	<u>16,777,243</u>	<u>14,348,621</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

11. Deferred revenue - obligatory reserve funds

	<u>2015</u>	<u>2014</u>
	\$	\$
Development charge reserve funds	5,031,209	1,933,307
Subdivider contributions	110,278	109,260
Recreational land dedicated under the Planning Act	797,287	548,137
Gas tax grant	3,713,019	3,992,795
	<u>9,651,793</u>	<u>6,583,499</u>

Continuity of obligatory reserve funds

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance at the beginning of the year	6,583,499	4,630,629
Development charge collections	3,432,077	1,630,842
Gas tax grant	1,260,053	1,294,757
Investment income	60,888	51,775
Tangible capital assets acquisitions and construction	(1,684,724)	(1,024,504)
Balance at the end of the year	<u>9,651,793</u>	<u>6,583,499</u>

12. Employee future benefits payable

Under the provisions of certain employee benefits plans, an employee who has achieved the appropriate factor as determined by OMERS, is eligible for a retirement pension from OMERS, and is under the age of 65 years will be provided with extended health coverage (drug, vision and dental plan). The Town contributes 100% of the insurance premium obligated under this plan.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial valuation report was prepared as at December 31, 2015.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements

December 31, 2015

12. Employee future benefits payable (continued)

The accrued benefits liability as at December 31 is as follows:

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
Employee other future benefits	1,309,027	1,258,653
Vacation pay	1,797,587	1,649,234
	<u>3,106,614</u>	<u>2,907,887</u>

Total other benefit payments to retirees during the year were \$102,517 (2014 - \$101,117). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
Accrued benefits obligation	1,854,090	1,630,837
Unamortized actuarial gain	(545,063)	(372,184)
Employee future benefits payable	<u>1,309,027</u>	<u>1,258,653</u>

The continuity of the employee other future benefits liability is as follows:

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
Balance, beginning of the year	1,258,653	1,246,800
Annual amortization of actuarial gains	14,132	(6,713)
Current period service cost	90,021	57,967
Interest cost	48,738	61,716
Benefits paid for the period	(102,517)	(101,117)
Balance, end of the year	<u>1,309,027</u>	<u>1,258,653</u>

Significant assumptions used are as follows:

	<u>2015</u>	<u>2014</u>
Expected average remaining service life in years	17.1	17.1
Employees future benefits payable as at December 31		
<i>Interest (discount) rate</i>	2.25%	3%
Benefits cost for the year ended December 31		
<i>Interest (discount) rate</i>	2.25%	3%
<i>Dental costs</i>	4.5%	4.5%
<i>Health costs</i>		
- Initial rate	8%	8%
- Rate declines to	4.5%	5%
- Year that the rate reaches the rate it is assumed to remain at	2025	2025

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

13. Government grants and contributions

	<u>2015</u>	<u>2014</u>
	\$	\$
Federal	70,622	103,783
Provincial	756,577	285,850
	<u>827,199</u>	<u>389,633</u>

14. Insurance coverage

The Town is self insured for insurance claims up to \$10,000 for property, liability, automobile, Councillor's accident, and volunteers for any individual claim and for any number of claims arising out of a single occurrence. Claim costs during the year amounted to \$84,804 (2014 - \$31,424).

The Town has made provisions for reserves for self insurance for claims under the limits noted above to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported in the accumulated surplus under reserves set aside by the Council. As at December 31, 2015 these reserves had a balance of -\$347,473, (2014, - \$472,473).

15. Long-term debt

The long-term debt issued in the name of the Town, has been approved by by-law. The annual principal and interest payments required to service these debts are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The balance of long-term debt reported on the consolidated statement of financial position is made up of the following:

Purpose	Rates	Maturity in	<u>2015</u>	<u>2014</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	10,599,704	11,318,549
Tile Drainage Loan	0.00%	2021	46,207	50,000
Mortgage payable	0.00%	2018	700,000	950,000
			<u>11,345,911</u>	<u>12,318,549</u>

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

	\$
2016	1,007,460
2017	1,043,961
2018	1,032,221
2019	872,326
2020	914,363
2021 and thereafter	6,475,580
	<u>11,345,911</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements

December 31, 2015

15. Long-term debt (continued)

The Town is contingently liable for the tile drainage loans as at December 31, 2015 of \$46,207 (2014 - \$50,000).

Interest expense on long-term debt amounted to \$525,951 (2014 - \$554,057). Interest paid during the year is \$525,951.

Of the long-term debt \$11,345,911 (2014 - \$12,268,549) certain principal payments do not represent a burden on general Town revenue, as they are to be recovered in future years from other sources.

The total long-term debt is to be recovered from the following:

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
Water/Wastewater user charges	<u>10,645,911</u>	<u>11,318,549</u>
	<u>10,645,911</u>	<u>11,318,549</u>

In 2013, the Town purchased a parcel of land and fully funded the acquisition through discretionary and obligatory reserves. The Town also entered into a mortgage agreement with the vendor, bearing 0% interest.

The balance of mortgage payable in the amount of \$700,000 is reported on the consolidated statement of financial position.

16. Tangible capital assets

Schedule 1 provides information on the cost and accumulated amortization of tangible capital assets of the Town by major asset category.

Assets under construction

Assets under construction and other capital work in progress having a value of \$835,824 (2014 - \$2,172,634) have not been amortized. Amortization of these assets will commence when the assets are put into service.

Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$1,369,387 (2014 - \$4,296,932), which includes contribution from developers in the amount of \$920,387 (2014 - \$46,700) and property vested in the name of the Corporation under the tax sale provisions of the Municipal Act.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

17. Commitments, contractual obligations and contingencies

Commitments

The Town has entered into lease agreements for vehicles, office equipment and safety equipment. The aggregate minimum payments under these leases over the next three years are as follows:

	\$
2016	40,770
2017	39,540
2018	<u>16,475</u>
	<u>96,785</u>

Contractual obligations

The Town has the following contractual obligations at December 31, 2015:

- a) The Town also entered into a multiple-year contract for delivery of services with respect to waste collection. The total purchase commitment from such contract amounted to approximately \$1,346,842 of which expenses of approximately \$121,649 were outstanding as at December 31, 2015.
- b) In November 2013, the Town entered into a contract for animal control services for a period of five (5) years commencing January 1, 2014 at a cost of \$142,352 per year plus taxes, to be indexed annually by inflation per the Consumer Price Index (CPI). The total purchase commitment of this contract amounts to approximately \$711,761 of which expenses of approximately \$423,615 were outstanding as at December 31, 2015.

Contingencies

The Town is subject to a number of legal proceedings. Although, the amount of its exposure with respect to these matters cannot be determined, the Town's management believes that the ultimate disposition of these matters will not have a material impact on its consolidated financial position. No amount has been recorded in these financial statements related to any liability which may arise relative to these legal proceedings.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

18. Accumulated surplus

The accumulated surplus is comprised of the following:

	2015	2014
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	6,269,124	5,735,402
Recreation and cultural programs and facilities	76,086	68,026
Working capital	2,223,235	1,170,273
Waste disposal	23,345	23,345
Health services	64,863	95,916
Roadways	162,082	156,042
Protective inspections	441,511	62,177
General government	1,185,418	1,160,279
Insurance	(347,473)	(472,473)
Planning and development	178,439	154,439
Contingencies	173,353	1,212,348
Parks	7,072	7,072
Libraries	40,390	29,752
Green initiatives	297,308	386,863
Acquisition of capital assets	11,648,031	10,487,513
Cemeteries	83,298	76,498
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	183,224	183,224
Repayment of water and sewer debentures	2,937,708	2,340,602
Water and sewer system capital expenses	3,745,668	3,476,831
Servicing allocation contribution	42,000	42,000
Total reserves	29,534,682	26,496,129
Surpluses		
Invested in tangible capital assets (Schedule 1)	346,999,644	349,513,575
Less: amount financed by long-term debt (Note 15)	(11,345,911)	(12,318,549)
Operating deficit	(4,380,364)	(1,804,262)
Employee future benefits (Note 12)	(3,106,614)	(2,907,887)
Total surpluses	328,166,755	332,482,877
Accumulated surplus	357,701,437	358,979,006

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

19. Pension agreements

OMERS provides pension services to more than 461,000 active and retired members and approximately 1,000 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 \$81,924 million in respect of benefits accrued for service with actuarial assets at that date of \$74,947 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 Town does not recognize any share of the OMERS pension surplus or deficit.

Contributions in 2015 ranged from 8.3% to 13.9% (2014 - 8.3% to 13.9%) depending on the proposed retirement age and level of earnings. As a result \$1,769,438 (2014 - \$1,711,110) was contributed to OMERS for current year services.

20. Comparative Amounts

Certain comparative amounts presented in the consolidated financial statements have been reclassified to conform to the current year's presentation.

21. 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 service they supply.

Town services are provided by departments and their activities are reported - see Schedule 2. 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. 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.

The following services have been separately disclosed in the segmented information.

Fire & 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.

Protective inspection and control

Services include Building Inspection, Municipal Law Enforcement, Animal Control, Weed Control and Fence Viewers and Livestock.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2015

21. Segmented information (continued)

Roads, sidewalks, bridges and public works

Public Works is responsible for the Town's infrastructure. This includes the safety and maintenance of the Town's roads, sidewalks, bridges, street lights, traffic control devices, and the school crossing guard program.

Water, wastewater and solid waste

This segment consists of water, wastewater and solid waste. Responsibilities include the distribution of drinking water and the collection of waste water. It also includes the collection of household waste and recycling.

Leisure programs, events and facilities

This segment includes all leisure programs, activities, events and cultural services to its residents. It also includes all leisure facilities (including arenas, pool, youth centres and community halls), parks and open spaces. Cemetery management is also included as it is not considered material enough to warrant a separate segment.

Library services

The Library serves the members of the public in their leisure, informational and cultural quests. Library Services reports to the Library Board and is therefore a separate segment.

Planning & development

This department manages urban development for business interests, environmental concerns, heritage matters and local neighborhoods.

Corporate governance and management

All support staff and services are included here such as Town Council, Office of the CAO, Municipal Treasurer, Finance, Treasury, Information Technology, Purchasing, Clerks and Human Resources.

Taxation revenue

The Town's primary source of funding for its operations is achieved through property taxes levied against property owners.

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31, 2015

	2 0 1 5								
	Cost				Accumulated Amortization				
	Opening Balance	Additions/ Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$
General									
Land	39,343,421	449,000		39,792,421	-	-	-	-	39,792,421
Building	37,388,405	3,703,603	(61,803)	41,030,205	12,234,952	1,192,719	(17,846)	13,409,825	27,620,380
Machinery and equipment	12,517,816	639,229	(261,865)	12,895,180	5,022,204	860,616	(261,865)	5,620,955	7,274,225
Vehicles	6,411,750	931,525		7,343,275	4,810,579	469,985		5,280,564	2,062,711
Information technology	1,359,626	189,937	(182,563)	1,367,000	653,702	231,955	(182,563)	703,094	663,906
Library collections	1,223,638	157,495	(172,260)	1,208,873	608,790	172,260	(172,260)	608,790	600,083
	98,244,656	6,070,789	(678,491)	103,636,954	23,330,227	2,927,535	(634,534)	25,623,228	78,013,726
Infrastructure									
Land	14,842,660			14,842,660	-			-	14,842,660
Land improvements	23,812,996	81,230	(47,716)	23,846,510	11,410,475	952,157	(47,716)	12,314,916	11,531,594
Transportation networks	145,903,616	3,113,800	(891,138)	148,126,278	54,557,993	4,850,443	(784,256)	58,624,180	89,502,098
Pumping stations	9,768,562			9,768,562	3,981,757	277,529		4,259,286	5,509,276
Sanitary sewer assets	82,786,756	386,049		83,172,805	16,467,171	924,154		17,391,325	65,781,480
Storm sewer assets	29,595,015	326,831		29,921,846	4,435,384	404,152		4,839,536	25,082,310
Water linear assets	70,785,050	169,342		70,954,392	14,215,363	838,353		15,053,716	55,900,676
	377,494,655	4,077,252	(938,854)	380,633,053	105,068,143	8,246,788	(831,972)	112,482,959	268,150,094
Assets under construction	2,172,634	(1,336,810)		835,824	-	-	-	-	835,824
Total capital assets	477,911,945	8,811,231	(1,617,345)	485,105,831	128,398,370	11,174,323	(1,466,506)	138,106,187	346,999,644

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31, 2015

	2 0 1 4								
	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/ Betterments	Disposals / Transfers	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
General									
Land (Note 3)	35,070,721	4,272,700	-	39,343,421	-	-	-	-	39,343,421
Building	37,029,764	366,819	(8,178)	37,388,405	11,164,247	1,078,883	(8,178)	12,234,952	25,153,453
Machinery and equipment	11,436,210	1,313,005	(231,399)	12,517,816	4,477,369	775,138	(230,303)	5,022,204	7,495,612
Vehicles	6,471,837	49,879	(109,966)	6,411,750	4,411,572	500,586	(101,579)	4,810,579	1,601,171
Information technology	1,347,354	185,768	(173,496)	1,359,626	689,616	137,582	(173,496)	653,702	705,924
Library collections	1,251,072	172,439	(199,873)	1,223,638	630,465	178,198	(199,873)	608,790	614,848
	92,606,958	6,360,610	(722,912)	98,244,656	21,373,269	2,670,387	(713,429)	23,330,227	74,914,429
Infrastructure									
Land	14,842,660			14,842,660	-	-	-	-	14,842,660
Land improvements	23,032,371	844,344	(63,719)	23,812,996	10,497,024	977,170	(63,719)	11,410,475	12,402,521
Transportation networks	145,715,126	188,490		145,903,616	49,857,877	4,700,116		54,557,993	91,345,623
Pumping stations	9,768,562			9,768,562	3,701,916	279,841		3,981,757	5,786,805
Sanitary sewer assets	82,786,756			82,786,756	15,541,920	925,251		16,467,171	66,319,585
Storm sewer assets	29,595,015			29,595,015	4,034,461	400,923		4,435,384	25,159,631
Water linear assets	70,785,050			70,785,050	13,378,783	836,580		14,215,363	56,569,687
	376,525,540	1,032,834	(63,719)	377,494,655	97,011,981	8,119,881	(63,719)	105,068,143	272,426,512
Assets under construction	549,959	1,622,675	-	2,172,634	-	-	-	-	2,172,634
Total capital assets	469,682,457	9,016,119	(786,631)	477,911,945	118,385,250	10,790,268	(777,148)	128,398,370	349,513,575

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2015

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	36,966,544	34,335,504	-	-	-	-	-	-
Grants	827,199	389,633	-	-	7,134	6,071	349,957	-
User fees and service charges	8,142,653	7,324,124	50,696	16,439	92,302	96,235	590,977	781,771
Licenses, permits and rent	1,569,438	1,122,027	-	-	1,427,000	972,556	-	-
Fines, penalties and interest	919,522	1,076,847	-	-	155,590	150,278	-	-
Other	4,163,678	7,352,468	-	-	475,639	290,834	1,576,934	582,913
Total revenues	52,589,034	51,600,603	50,696	16,439	2,157,664	1,515,974	2,517,868	1,364,684
Expenses								
Salaries and wages	27,535,767	25,552,458	5,764,866	5,574,491	2,311,863	2,077,497	3,479,271	3,381,035
Interest on long-term debt	525,951	507,313	-	-	-	-	-	-
Materials, good and supplies	4,296,303	4,285,729	376,641	271,651	160,822	160,761	1,495,553	1,638,188
Contracted and general services	9,840,008	8,897,838	363,391	319,656	563,085	490,079	868,706	869,574
Rents and financial	140,433	113,858	-	-	1,010	1,062	-	-
External transfers	202,976	239,241	150	-	2,000	2,206	55,000	55,000
Amortization	11,174,326	10,790,268	264,127	247,097	8,733	7,961	5,216,491	5,050,773
Other	-	-	-	-	-	-	-	-
Total expenses	53,715,764	50,386,705	6,769,175	6,412,895	3,047,513	2,739,566	11,115,021	10,994,570
Net revenues (expenses)	(1,126,730)	1,213,898	(6,718,479)	(6,396,456)	(889,849)	(1,223,592)	(8,597,153)	(9,629,886)

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2015

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	-	-
Grants	-	-	231,476	144,091	2,072,712	2,005,381	18,000	12,818
User fees and service charges	3,818,075	2,871,524	2,934,431	2,797,493	86,398	78,859	307,834	353,167
Licenses, permits and rent	-	-	104,569	94,147	-	-	-	-
Fine, penalties and interest	-	-	-	-	29,001	29,843	-	-
Other	864,023	198,618	214,592	706,538	4,792	8,304	(246,439)	691,029
Total revenues	4,682,098	3,070,142	3,485,068	3,742,269	2,192,903	2,122,387	79,395	1,057,014
Expenses								
Salaries and wages	1,315,863	1,199,131	7,078,186	6,624,404	1,478,905	1,383,157	1,309,900	1,324,920
Interest on long-term debt	520,627	507,313	-	-	-	-	5,324	-
Materials, good and supplies	314,599	310,918	1,855,259	1,739,177	92,091	105,626	12,213	10,981
Contracted and general services	3,242,467	2,619,577	2,237,727	1,967,685	249,758	238,901	311,616	376,417
Rents and financial	18,221	21,199	38,707	28,876	1,869	1,754	3,793	-
External transfers	-	-	2,120,581	2,058,925	-	-	27,525	65,900
Amortization	2,530,935	2,554,488	2,501,321	2,393,449	236,283	237,725	41,361	29,472
Other	-	-	-	-	-	-	-	-
Total expenses	7,942,712	7,212,626	15,831,782	14,812,516	2,058,906	1,967,163	1,711,732	1,807,690
Net revenues (expenses)	(3,260,614)	(4,142,484)	(12,346,714)	(11,070,247)	133,997	155,224	(1,632,337)	(750,676)

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2015

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation	-	-	36,966,544	34,335,504	-	-
Grants	150,200	164,062	-	-	(2,002,280)	(1,942,790)
User fees and service charges	261,941	328,635	-	-	-	-
Licenses, permits and rent	37,869	55,324	-	-	-	-
Fine, penalties and interest	734,931	896,726	-	-	-	-
Other	1,274,139	4,874,231	-	-	-	-
Total revenues	2,459,077	6,318,978	36,966,544	34,335,504	(2,002,280)	(1,942,790)
Expenses						
Salaries and wages	4,796,913	3,987,823	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	(10,876)	48,427	-	-	-	-
Contracted and general services	2,003,258	2,015,949	-	-	-	-
Rents and financial	76,833	60,967	-	-	-	-
External transfers	-	-	-	-	(2,002,280)	(1,942,790)
Amortization	375,075	269,303	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	7,241,203	6,382,469	-	-	(2,002,280)	(1,942,790)
Net revenue (expenses)	(4,782,125)	(63,491)	36,966,544	34,335,504	-	-

For information regarding the Town of Georgina's 2015 Consolidated Financial Statements, contact:

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Administrative Services Department
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Rebecca Mathewson, CPA, CGA
Director of Administrative Services and Treasurer

Corporation of the Town of Georgina
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