



GEORGINA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

Corporation of The Town of Georgina
26557 Civic Centre Road,
Keswick, Ontario, Canada, L4P 3G1
905-476-4301
georgina.ca



GEORGINA

**Town of Georgina
Consolidated Financial Statements
December 31, 2016**

Adopted by Council on June 21, 2017

Council of the Town of Georgina

Mayor Margaret Quirk
Regional Councillor / Deputy Mayor Naomi Davison
Councillor Charlene Biggerstaff, 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, 2016**

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Tel: 905 898 1221
Fax: 905 898 0028
Toll-Free: 866 275 8836
www.bdo.ca

BDO Canada LLP
The Gates of York Plaza
17310 Yonge Street, Unit 11
Newmarket ON L3Y 7R9 Canada

Independent Auditor's Report

To the Mayor and Councillors 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, 2016, 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, 2016 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 21, 2017
Newmarket, Ontario

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

December 31

	<u>2016</u>	<u>2015</u>
	\$	\$
Financial assets		
Cash and cash equivalents (Note 5)	48,375,449	40,602,382
Taxes receivable (Note 6)	4,886,835	4,867,841
Water and sewer charges receivable	2,430,077	2,201,023
Accounts receivable (Note 7)	2,392,437	2,535,522
	<u>58,084,798</u>	<u>50,206,768</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	19,331,029	16,777,243
Deferred revenue - obligatory reserve funds (Note 9)	11,227,743	9,651,793
Employee future benefits payable (Note 10)	4,060,847	3,106,614
Long-term debt (Note 13)	12,301,679	11,345,911
	<u>46,921,298</u>	<u>40,881,561</u>
Net Financial Assets	<u>11,163,500</u>	<u>9,325,207</u>
Non-financial assets		
Inventory held for own use	264,374	346,292
Prepaid expenses and deposits	1,079,467	1,030,294
Tangible capital assets (Note 14 and Schedule 1)	345,682,850	346,999,644
	<u>347,026,691</u>	<u>348,376,230</u>
Accumulated surplus (Note 16)	<u>358,190,191</u>	<u>357,701,437</u>

Commitments, contractual obligations and contingencies (Note 15)

The Corporation of the Town of Georgina
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31

	2016		2015
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	38,821,030	39,107,429	36,966,544
User fees and service charges	14,696,190	9,450,950	8,142,653
Government grants and contributions (Note 11)	1,331,910	952,115	827,199
Fines, penalties and interest	1,065,500	985,397	919,522
Licenses and permits	1,558,500	1,773,991	1,461,202
Investment income	460,040	453,779	404,013
Revenue from other municipalities	804,730	790,755	115,712
Other		168,241	498,028
Other - assumed properties (vested)		993,000	449,000
Federal Gas Tax earned	2,832,810	1,579,143	1,578,201
Developer contributions earned	166,400	117,640	106,523
Rents and concessions	262,250	158,740	108,236
Proceeds from insurance		-	61,636
Donations	55,800	1,373,430	950,564
Total revenues	<u>62,055,160</u>	<u>57,904,610</u>	<u>52,589,034</u>
Expenses			
Recreation and cultural services	16,197,263	17,245,742	15,545,332
Protection to persons and property	10,189,746	10,980,552	9,816,688
Transportation services	12,178,569	11,987,958	11,115,021
General government	6,685,684	6,723,370	7,241,203
Environmental services	7,737,650	8,053,987	7,942,712
Planning and development services	1,953,614	1,899,557	1,711,732
Health services	43,631	32,550	21,774
Social and family services	327,208	339,920	321,302
Total expenses	<u>55,313,365</u>	<u>57,263,636</u>	<u>53,715,764</u>
Net revenues (expenses)	6,741,795	640,974	(1,126,730)
Loss on disposal of tangible capital assets	-	(152,220)	(150,839)
Annual surplus (deficit)	<u>6,741,795</u>	\$ 488,754	\$ (1,277,569)
Accumulated surplus, beginning of year		<u>357,701,437</u>	<u>358,979,006</u>
Accumulated surplus, end of year		<u>358,190,191</u>	<u>357,701,437</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

	2016	2015
	\$	\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus (deficit)	488,754	(1,277,569)
Amortization expense	11,722,585	11,174,323
Loss on disposal of tangible capital assets	152,220	150,839
Changes in non-cash item balances		
Taxes receivable	(18,994)	860,535
Water and sewer charges receivable	(229,054)	(396,827)
Accounts receivable	143,085	264,276
Inventory held for own use	81,918	(89,826)
Prepaid expenses	(49,173)	(539,642)
Accounts payable and accrued liabilities	2,553,786	2,428,622
Deferred revenue - obligatory reserve funds	1,575,950	3,068,294
Employee future benefits payable	954,233	198,727
Cash provided by operating activities	17,375,310	15,841,752
Capital activities		
Acquisition of tangible capital assets	(10,601,351)	(8,811,231)
Proceeds from sale of tangible capital assets	43,340	-
Cash provided by capital activities	(10,558,011)	(8,811,231)
Financing activities		
Principal repayment on long-term debt	(816,070)	(718,845)
Mortgage payable and tile drainage loan	(296,207)	(253,793)
Issuance of long-term debt	2,068,045	-
Cash provided by financing activities	955,768	(972,638)
Net change in cash and cash equivalents	7,773,067	6,057,883
Cash and cash equivalents, beginning of year	40,602,382	34,544,499
Cash and cash equivalents, end of year	48,375,449	40,602,382

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

	2016	2016	2015
	Budget	Actual	
	\$	\$	\$
Annual surplus (deficit)	<u>6,741,795</u>	<u>488,754</u>	<u>(1,277,569)</u>
Acquisition of tangible capital assets	(19,185,190)	(10,601,351)	(8,811,231)
Loss on disposal of tangible capital assets	-	152,220	150,839
Amortization of tangible capital assets	11,686,814	11,722,585	11,174,323
Proceeds on sale of tangible capital assets	<u>-</u>	<u>43,340</u>	<u>-</u>
	<u>(7,498,376)</u>	<u>1,316,794</u>	<u>2,513,931</u>
Changes in inventory held for use	-	81,918	(89,826)
Changes in prepaid expenses	<u>-</u>	<u>(49,173)</u>	<u>(539,642)</u>
	<u>-</u>	<u>32,745</u>	<u>(629,468)</u>
Change in net financial assets	(756,581)	1,838,293	606,894
Net financial assets, beginning of year	<u>9,325,207</u>	<u>9,325,207</u>	<u>8,718,313</u>
Net financial assets, end of year	<u>8,568,626</u>	<u>11,163,500</u>	<u>9,325,207</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

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
Uptown Keswick Business Improvement Area Board
Jackson's Point Village Association Business Improvement Area Board
Downtown Sutton Merchants Business Improvement Area 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, 2016

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 measurable. 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, 2016

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, 2016

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. Actual results could differ from these estimates.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

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 organization 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.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

2. 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	80,110,260	80,598,880
Capital budget carried over from previous years	488,500	-
Total Council approved budget	<u>80,598,760</u>	<u>80,598,880</u>
Add: Amortization expense	-	11,686,815
Less: Consolidation adjustments	(9,312,500)	(9,112,500)
Less: PSAB adjustments	(9,231,100)	(10,059,740)
Less: Tangible capital assets capitalized	<u>-</u>	<u>(17,800,090)</u>
Adjusted budget per consolidated statement of operations	<u>62,055,160</u>	<u>55,313,365</u>

3. Trust fund

The Trust fund administered by the Town amounting to \$71,220 (2015 - \$62,236) 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.

4. Operations of school boards and the Region of York

During 2016, 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>2016</u>	<u>2015</u>
	\$	\$
School boards	14,771,902	14,611,555
Region of York	<u>24,801,608</u>	<u>24,165,214</u>
	<u>39,573,510</u>	<u>38,776,769</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

5. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 9)	11,227,744	9,651,793
Unrestricted and undesignated	37,147,705	30,950,589
	<u>48,375,449</u>	<u>40,602,382</u>

Included in cash and cash equivalents are Guaranteed Investment Certificates of \$10,000,000 (2015 - \$10,000,000) interest ranging from 1.02% to 1.05%, maturing January 6, 2017 and February 27, 2017.

6. Taxes receivable

	<u>2016</u>	<u>2015</u>
	\$	\$
Current year	3,474,407	3,474,344
Arrears previous years	1,674,162	1,702,713
	5,148,569	5,177,057
Less: allowance	(261,734)	(309,216)
	<u>4,886,835</u>	<u>4,867,841</u>

7. Accounts receivable

	<u>2016</u>	<u>2015</u>
	\$	\$
Government entities	1,203,706	1,550,960
Trade and other receivables	1,285,895	1,111,726
	2,489,601	2,662,686
Less: allowance	(97,164)	(127,164)
	<u>2,392,437</u>	<u>2,535,522</u>

8. Accounts payable and accrued liabilities

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade payables and accruals	17,242,163	14,493,186
School boards	103,636	105,547
Region of York	260,234	198,144
Interest on long-term debt	118,636	130,869
Payroll	1,606,360	1,849,497
	<u>19,331,029</u>	<u>16,777,243</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

9. Deferred revenue - obligatory reserve funds

	<u>2016</u>	<u>2015</u>
	\$	\$
Development charge reserve funds	6,340,453	5,031,209
Subdivider contributions	111,154	110,278
Recreational land dedicated under the Planning Act	1,319,204	797,287
Gas tax grant	3,456,932	3,713,019
	<u>11,227,743</u>	<u>9,651,793</u>

Continuity of obligatory reserve funds

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance at the beginning of the year	9,651,793	6,583,499
Development charge collections	1,902,493	3,432,077
Gas tax grant	1,323,055	1,260,053
Investment income	47,185	60,888
Tangible capital assets acquisitions and construction	(1,696,783)	(1,684,724)
Balance at the end of the year	<u>11,227,743</u>	<u>9,651,793</u>

10. 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) for a maximum of ten years (firefighters twelve years amended in 2016 as shown in the prior period cost plan amendment). 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, 2016.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

10. Employee future benefits payable (continued)

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Employee other future benefits	2,056,195	1,309,027
Vacation pay	2,004,652	1,797,587
	<u>4,060,847</u>	<u>3,106,614</u>

Total other benefit payments to retirees during the year were \$114,542 (2015 - \$102,517). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Accrued benefits obligation	2,176,843	1,854,090
Unamortized actuarial gain	(120,648)	(545,063)
Employee future benefits payable	<u>2,056,195</u>	<u>1,309,027</u>

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance, beginning of the year	1,309,027	1,258,653
Annual amortization of actuarial gains	25,068	14,132
Current period service cost	106,977	90,021
Interest cost	41,632	48,738
Prior period cost of plan amendment	688,033	-
Benefits paid for the period	(114,542)	(102,517)
Balance, end of the year	<u>2,056,195</u>	<u>1,309,027</u>

Significant assumptions used are as follows:

	<u>2016</u>	<u>2015</u>
Expected average remaining service life in years	16.7	17.1
Employees future benefits payable as at December 31		
Interest (discount) rate	2.20%	2.25%
Benefits cost for the year ended December 31		
Interest (discount) rate	2.20%	2.25%
Dental costs	4.5%	4.5%
Health costs		
- Initial rate	4.50%	8%
- Rate declines to (2016 onward rate is unchanged)	-	5%
- Year that the rate reaches the rate it is assumed to remain at	-	2025

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

11. Government grants and contributions

	2016	2015
	\$	\$
Federal	198,844	70,622
Provincial	753,271	756,577
	952,115	827,199

12. Insurance coverage

The Town is self insured for insurance claims up to \$10,000 for property, liability and 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 \$98,070 (2015 - \$84,804).

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, 2016 these reserves had a balance of -\$93,832, (2015 - \$347,473).

13. 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:

<u>Purpose</u>	<u>Rates</u>	<u>Maturity in</u>	2016	2015
			\$	\$
Willow Beach water and sewers	4.76%	2026	9,846,266	10,599,704
Tile Drainage Loan	0.00%	2021	-	46,207
Mortgage payable	0.00%	2018	450,000	700,000
Streetlight Retrofit	8.07%	2026	2,005,413	-
			12,301,679	11,345,911

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

	\$
2017	1,147,047
2018	1,154,488
2019	1,015,967
2020	1,081,802
2021	1,152,341
2022 and thereafter	6,750,034
	12,301,679

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

13. Long-term debt (continued)

The Town is contingently liable for the tile drainage loans as at December 31, 2016 of \$nil (2015 - \$46,207).

Interest expense on long-term debt amounted to \$607,985 (2015 - \$525,951). Interest paid during the year is \$620,219.

Of the long-term debt \$12,301,679 (2015 - \$11,345,911) 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>2016</u>	<u>2015</u>
	\$	\$
Water/Wastewater user charges	<u>9,846,266</u>	<u>10,645,911</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 \$450,000 is reported on the consolidated statement of financial position.

In 2016, the Town entered into an agreement with Realterm Energy for the purposes of a streetlight retrofit for a term of 10 years.

14. 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 \$3,042,055 (2015 - \$835,824) 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 \$2,316,246 (2015 - \$1,369,387), which includes contribution from developers in the amount of \$2,250,549 (2015 - \$920,387) 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, 2016

15. 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 two years are as follows:

	\$
2017	39,540
2018	<u>16,475</u>
	<u>56,015</u>

Contractual obligations

The Town has the following contractual obligations at December 31, 2016:

- a) The Town has 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 \$1,385,540 of which expenses of approximately \$300,826 were outstanding as at December 31, 2016.
- 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 \$137,877 were outstanding as at December 31, 2016.

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, 2016

16. Accumulated surplus

The accumulated surplus is comprised of the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	6,503,655	6,269,124
Recreation and cultural programs and facilities	86,787	76,086
Working capital	1,802,442	2,223,235
Waste disposal	23,345	23,345
Health services	65,943	64,863
Roadways	166,982	162,082
Protective inspections	955,393	441,511
General government	1,338,748	1,185,418
Insurance	(93,832)	(347,473)
Planning and development	148,591	178,439
Contingencies	514,267	173,353
Parks	7,072	7,072
Libraries	22,719	40,390
Green initiatives	265,533	297,308
Acquisition of capital assets	13,146,231	11,648,031
Cemeteries	90,098	83,298
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	184,188	183,224
Repayment of water and sewer debentures	3,574,029	2,937,708
Water and sewer system capital expenses	3,657,917	3,745,668
Servicing allocation contribution	42,000	42,000
WSIB	106,403	-
Total reserves	<u>32,708,511</u>	<u>29,534,682</u>
Surpluses		
Invested in tangible capital assets (Schedule 1)	345,682,850	346,999,644
Less: amount financed by long-term debt (Note 13)	(12,301,679)	(11,345,911)
Operating deficit	(3,838,644)	(4,380,364)
Employee future benefits (Note 10)	(4,060,847)	(3,106,614)
Total surpluses	<u>325,481,680</u>	<u>328,166,755</u>
Accumulated surplus	<u>358,190,191</u>	<u>357,701,437</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2016

17. Pension agreements

OMERS provides pension services to more than 470,000 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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 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 2016 ranged from 8.3% to 13.9% (2015 - 8.3% to 13.9%) depending on the proposed retirement age and level of earnings. As a result \$2,061,800 (2015 - \$1,769,438) was contributed to OMERS for current year services.

18. Comparative Amounts

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

19. Segmented information

The Town provides a range of services to its citizens. For management reporting and stewardship purposes, all operations are organized and reported by the 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, 2016

19. 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, 2016

		2 0 1 6								
		Cost				Accumulated Amortization				Net Book Value
		Opening Balance	Additions/ Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
		\$	\$	\$	\$	\$	\$	\$	\$	
General										
Land	39,792,421	993,000	-	40,785,421	-	-	-	-	40,785,421	
Building	41,030,205	380,213	(2,935)	41,407,483	13,409,825	1,297,247	(2,935)	14,704,137	26,703,346	
Machinery and equipment	12,895,180	1,239,330	(132,905)	14,001,605	5,620,955	893,362	(132,292)	6,382,025	7,619,580	
Vehicles	7,343,275	483,965	(426,998)	7,400,242	5,280,564	420,432	(408,745)	5,292,251	2,107,991	
Information technology	1,367,000	227,428	(118,162)	1,476,266	703,094	225,156	(118,162)	810,088	666,178	
Library collections	1,208,873	120,156	(179,838)	1,149,191	608,790	169,866	(179,838)	598,818	550,373	
	103,636,954	3,444,092	(860,838)	106,220,208	25,623,228	3,006,063	(841,972)	27,787,319	78,432,889	
Infrastructure										
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660	
Land improvements	23,846,510	307,793	-	24,154,303	12,314,916	968,285	-	13,283,201	10,871,102	
Transportation networks	148,126,278	3,979,157	(704,826)	151,400,609	58,624,180	5,292,949	(528,132)	63,388,997	88,011,612	
Pumping stations	9,768,562	-	-	9,768,562	4,259,286	277,529	-	4,536,815	5,231,747	
Sanitary sewer assets	83,172,805	132,214	-	83,305,019	17,391,325	925,464	-	18,316,789	64,988,231	
Storm sewer assets	29,921,846	381,951	-	30,303,797	4,839,536	411,251	-	5,250,787	25,053,009	
Water linear assets	70,954,392	149,913	-	71,104,305	15,053,716	841,044	-	15,894,760	55,209,545	
	380,633,053	4,951,028	(704,826)	384,879,255	112,482,959	8,716,522	(528,132)	120,671,349	264,207,906	
Assets under construction	835,824	2,206,231	-	3,042,055	-	-	-	-	3,042,055	
Total capital assets	485,105,831	10,601,351	(1,565,664)	494,141,518	138,106,187	11,722,585	(1,370,104)	148,458,668	345,682,850	

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31, 2016

	2 0 1 5								
	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/ Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
	<u>98,244,656</u>	<u>6,070,789</u>	<u>(678,491)</u>	<u>103,636,954</u>	<u>23,330,227</u>	<u>2,927,535</u>	<u>(634,534)</u>	<u>25,623,228</u>	<u>78,013,726</u>
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
	<u>377,494,655</u>	<u>4,077,252</u>	<u>(938,854)</u>	<u>380,633,053</u>	<u>105,068,143</u>	<u>8,246,788</u>	<u>(831,972)</u>	<u>112,482,959</u>	<u>268,150,094</u>
Assets under construction	<u>2,172,634</u>	<u>(1,336,810)</u>	<u>-</u>	<u>835,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>835,824</u>
Total capital assets	<u>477,911,945</u>	<u>8,811,231</u>	<u>(1,617,345)</u>	<u>485,105,831</u>	<u>128,398,370</u>	<u>11,174,323</u>	<u>(1,466,506)</u>	<u>138,106,187</u>	<u>346,999,644</u>

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2016

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	39,107,429	36,966,544	-	-	-	-	-	-
Grants	952,115	827,199	-	-	5,783	7,134	349,957	349,957
User fees and service charges	9,450,950	8,142,653	84,087	50,696	69,029	92,302	600,099	590,977
Licenses, permits and rent	1,932,731	1,569,438	-	-	1,737,133	1,427,000	-	-
Fines, penalties and interest	985,397	919,522	-	-	174,231	155,590	-	-
Other	5,475,988	4,163,678	3,500	-	499,829	475,639	2,194,053	1,576,934
Total revenues	57,904,610	52,589,034	87,587	50,696	2,486,005	2,157,664	3,144,109	2,517,868
Expenses								
Salaries and wages	29,916,124	27,535,767	6,670,563	5,764,866	2,497,930	2,311,863	3,858,332	3,479,271
Interest on long-term debt	607,985	525,951	-	-	-	-	134,022	-
Materials, good and supplies	4,680,042	4,296,303	395,115	376,641	145,053	160,822	1,422,584	1,495,553
Contracted and general services	9,977,751	9,840,008	452,833	363,391	476,167	563,085	883,422	868,706
Rents and financial	154,169	140,433	-	-	967	1,010	-	-
External transfers	204,980	202,976	-	150	-	2,000	55,000	55,000
Amortization	11,722,585	11,174,326	278,993	264,127	62,931	8,733	5,634,598	5,216,491
Other	-	-	-	-	-	-	-	-
Total expenses	57,263,636	53,715,764	7,797,504	6,769,175	3,183,048	3,047,513	11,987,958	11,115,021
Net revenues (expenses)	640,974	(1,126,730)	(7,709,917)	(6,718,479)	(697,043)	(889,849)	(8,843,849)	(8,597,153)

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2016

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	-	-
Grants	-	-	227,718	231,476	2,131,808	2,072,712	152,819	18,000
User fees and service charges	4,719,971	3,818,075	3,065,179	2,934,431	93,427	86,398	424,790	307,834
Licenses, permits and rent	-	-	147,740	104,569	-	-	-	-
Fine, penalties and interest	-	-	-	-	25,425	29,001	-	-
Other	866,593	864,023	379,799	214,592	10,398	4,792	15,072	(246,439)
Total revenues	5,586,564	4,682,098	3,820,436	3,485,068	2,261,058	2,192,903	592,681	79,395
Expenses								
Salaries and wages	1,662,494	1,315,863	7,758,038	7,078,186	1,581,902	1,478,905	1,234,961	1,309,900
Interest on long-term debt	473,538	520,627	-	-	-	-	425	5,324
Materials, good and supplies	382,461	314,599	2,185,757	1,855,259	162,062	92,091	11,135	12,213
Contracted and general services	2,964,160	3,242,467	2,643,630	2,237,727	266,869	249,758	552,743	311,616
Rents and financial	15,545	18,221	68,817	38,707	2,073	1,869	46,207	3,793
External transfers	-	-	2,184,050	2,120,581	-	-	34,000	27,525
Amortization	2,555,789	2,530,935	2,601,133	2,501,321	231,951	236,283	20,086	41,361
Other	-	-	-	-	-	-	-	-
Total expenses	8,053,987	7,942,713	17,441,425	15,831,782	2,244,857	2,058,906	1,899,557	1,711,732
Net revenues (expenses)	(2,467,423)	(3,260,614)	(13,620,989)	(12,346,714)	16,201	133,997	(1,306,876)	(1,632,337)

The Corporation of the Town of Georgina
Schedule 2 - Segment Disclosures
Year Ended December 31, 2016

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation	-	-	39,107,429	36,966,544	-	-
Grants	152,100	150,200	-	-	(2,068,070)	(2,002,280)
User fees and service charges	394,368	261,941	-	-	-	-
Licenses, permits and rent	47,858	37,869	-	-	-	-
Fine, penalties and interest	785,741	734,931	-	-	-	-
Other	1,506,744	1,274,139	-	-	-	-
Total revenues	2,886,811	2,459,077	39,107,429	36,966,544	(2,068,070)	(2,002,280)
Expenses						
Salaries and wages	4,651,904	4,796,913	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	(24,125)	(10,876)	-	-	-	-
Contracted and general services	1,737,927	2,003,258	-	-	-	-
Rents and financial	20,560	76,833	-	-	-	-
External transfers	-	-	-	-	(2,068,070)	(2,002,280)
Amortization	337,104	375,075	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	6,723,370	7,241,203	-	-	(2,068,070)	(2,002,280)
Net revenue (expenses)	(3,836,559)	(4,782,125)	39,107,429	36,966,544	-	-

For information regarding the Town of Georgina's 2016 Consolidated Financial Statements, contact:

Darlene Carson-Hildebrand, A.M.C.T
Manager of Finance and Deputy Treasurer
Administrative Services Department
(905) 476-4301, (905) 722-6516, (705) 437-2210, Ext. 3520

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

Corporation of the Town of Georgina
26557 Civic Centre Road, Keswick, Ontario, Canada L4P 3G1