

The Corporation of the
Town of Georgina
Consolidated Financial Statements
Year ended December 31, 2021

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Tel: 705 726 6331
Fax: 705 722 6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie, ON, Canada, L4N 0B4

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Georgina ("the Town"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2021, and consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and
- obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2022
Barrie, Ontario

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

December 31

	<u>2021</u>	<u>2020</u>
	\$	\$
Financial assets		
Cash and cash equivalents (Note 5)	41,052,944	24,322,109
Portfolio investments (Note 6)	46,535,655	37,023,057
Taxes receivable (Note 7)	10,098,320	8,812,206
Water and sewer charges receivable	2,631,118	3,938,768
Accounts receivable (Note 8)	<u>5,093,521</u>	<u>3,305,505</u>
	<u>105,411,558</u>	<u>77,401,645</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	18,028,860	13,231,383
Deferred revenue - obligatory reserve funds (Note 10 & Note 19)	28,541,816	19,838,491
Employee future benefits payable (Note 11)	3,903,421	4,253,687
Long-term debt (Note 13)	22,047,268	13,334,624
Deferred revenue (Note 19)	<u>9,586,377</u>	<u>8,366,118</u>
	<u>82,107,742</u>	<u>59,024,303</u>
Net Financial Assets	<u>23,303,816</u>	<u>18,377,342</u>
Non-financial assets		
Inventory held for own use	329,861	251,439
Prepaid expenses and deposits	330,990	419,269
Tangible capital assets (Schedule 1)	<u>364,701,679</u>	<u>353,847,189</u>
	<u>365,362,530</u>	<u>354,517,897</u>
Accumulated surplus (Note 16)	<u>388,666,346</u>	<u>372,895,239</u>
<hr/>		
Contractual obligations and contingencies (Note 15)		
COVID-19 impact (Note 18)		

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

	<u>2021</u>	<u>2021</u>	<u>2020</u>
	Budget (Note 2)	Actual	Actual
	\$	\$	\$
Annual surplus	<u>3,656,386</u>	<u>15,771,107</u>	<u>5,350,528</u>
Acquisition of tangible capital assets	(60,583,298)	(24,189,579)	(19,200,453)
Gain on disposal of tangible capital assets	-	(153,014)	(12,875)
Amortization of tangible capital assets	13,263,136	13,266,438	12,679,528
Proceeds on sale of tangible capital assets	-	221,665	72,663
	<u>(47,320,162)</u>	<u>(10,854,490)</u>	<u>(6,461,137)</u>
Changes in inventory held for use	-	(78,422)	(99,984)
Changes in prepaid expenses	-	88,279	(235,208)
	<u>-</u>	<u>9,857</u>	<u>(335,192)</u>
Change in net financial assets	(43,663,776)	4,926,474	(1,445,801)
Net financial assets, beginning of year	<u>18,377,342</u>	<u>18,377,342</u>	<u>19,823,143</u>
Net financial assets, end of year	<u>(25,286,434)</u>	<u>23,303,816</u>	<u>18,377,342</u>

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

Year ended December 31

	<u>2021</u>	<u>2021</u>	<u>2020</u>
	Budget	Actual	Actual
	(Note 2)		
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	48,873,410	49,001,684	47,508,968
User fees and service charges	10,433,020	8,261,774	8,445,136
Government grants and contributions (Note 14)	883,770	4,344,484	3,245,979
Fines, penalties and interest	1,124,100	1,673,640	1,268,138
Licenses and permits	1,262,000	2,439,542	1,398,649
Investment income	760,840	1,630,007	1,432,317
Revenue from other municipalities	717,040	1,793,666	824,097
Other	-	62,460	90,173
Canada Community Building Fund (CCBF) earned	6,201,361	871,105	1,801,357
Developer contributions earned	1,336,294	1,525,060	402,032
Rents and concessions	363,800	274,746	217,967
Contributed tangible capital assets	34,300	9,475,832	2,389,957
Total revenues	<u>71,989,935</u>	<u>81,354,000</u>	<u>69,024,770</u>
Expenses			
Recreation and cultural services	19,709,132	15,274,436	15,629,456
Protection to persons and property	13,249,164	14,107,619	14,543,354
Transportation services	13,592,448	13,275,163	12,329,265
General government	9,246,237	10,502,504	9,206,071
Environmental services	9,651,763	9,973,514	9,527,739
Planning and development services	2,529,375	2,426,505	2,188,059
Health services	41,700	80,572	38,885
Social and family services	313,730	95,594	224,288
Total expenses	<u>68,333,549</u>	<u>65,735,907</u>	<u>63,687,117</u>
Net revenues	3,656,386	15,618,093	5,337,653
Gain on disposal of tangible capital assets	-	153,014	12,875
Annual surplus	3,656,386	15,771,107	5,350,528
Accumulated surplus, beginning of year		<u>372,895,239</u>	<u>367,544,711</u>
Accumulated surplus, end of year		<u>388,666,346</u>	<u>372,895,239</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>2021</u>	<u>2020</u>
	\$	\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus	15,771,107	5,350,528
Amortization expense	13,266,438	12,679,528
Gain on disposal of tangible capital assets	(153,014)	(12,875)
Changes in non-cash item balances		
Taxes receivable	(1,286,114)	(1,149,522)
Water and sewer charges receivable	1,307,650	(835,155)
Accounts receivable	(1,788,016)	(407,826)
Inventory held for own use	(78,422)	(99,984)
Prepaid expenses and deposits	88,279	(235,208)
Accounts payable and accrued liabilities	4,797,477	853,067
Deferred revenue - obligatory reserve funds	8,703,325	1,979,829
Deferred revenue	1,220,259	(1,163,626)
Employee future benefits payable	(350,266)	(351,883)
Contributed capital assets	(9,451,814)	
Cash provided by operating activities	<u>32,046,889</u>	<u>16,606,873</u>
Capital activities		
Acquisition of tangible capital assets	(14,737,765)	(19,200,453)
Proceeds from sale of tangible capital assets	221,665	72,663
Cash provided by capital activities	<u>(14,516,100)</u>	<u>(19,127,790)</u>
Investing activities		
Acquisition of portfolio investments	<u>(9,512,598)</u>	<u>(1,183,884)</u>
Financing activities		
Principal repayment on long-term debt	(1,859,356)	(1,649,553)
Issuance of long-term debt	10,572,000	-
Cash provided by financing activities	<u>8,712,644</u>	<u>(1,649,553)</u>
Net change in cash and cash equivalents	16,730,835	(5,354,354)
Cash and cash equivalents, beginning of year	<u>24,322,109</u>	<u>29,676,463</u>
Cash and cash equivalents, end of year	<u>41,052,944</u>	<u>24,322,109</u>

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

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2021

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.

Portfolio investments

Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

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.

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2021

1. Summary of significant accounting policies (continued)

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

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.

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.

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2021

1. Summary of significant accounting policies (continued)

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 makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by eligible employees based on the length of credited service and the average earnings. 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 uses defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles. As such, the Town's contributions due during the year are expensed as incurred.

Deferred revenue - Unearned User Charges and Fees

Deferred revenue includes user charges and fees which have been collected but for which the related services have not yet been performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Deferred revenue - Obligatory Reserve Funds

Deferred revenue includes funds received for specific purposes such as development charge contribution, parkland and federal Canada Community Building Fund revenue which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes. These funds, by their nature, are restricted in their use and, until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are 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.

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2021

1. Summary of significant accounting policies (continued)

Revenue recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

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 including user fees and service charges, revenue from other municipalities, and rents and concessions is recognized on an accrual basis.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

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 valuation of employee future benefits. Actual results could differ from these estimates.

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.

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

December 31, 2021

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.

The 2021 budgeted figures are unaudited.

	Revenue	Expenses
	\$	\$
Council approved budget:		
Operating fund	152,448,210	140,630,088
Capital budget carried over from previous years	734,030	12,552,152
Total Council approved budget	153,182,240	153,182,240
Add: Amortization expense	-	13,263,136
Less: Consolidation adjustments	(65,064,870)	(13,136,080)
Less: PSAB adjustments	(16,127,435)	(24,392,752)
Less: Tangible capital assets capitalized	-	(60,586,298)
Adjusted budget per consolidated statement of operations	71,989,935	68,330,246

3. Trust fund

The Trust fund administered by the Town amounting to \$119,332 (2020 - \$105,657) 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 2021, 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:

	2021	2020
	\$	\$
School boards	16,816,383	17,335,875
Region of York	29,265,266	28,614,207
	46,081,649	45,950,082

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

December 31, 2021

5. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 10)	28,541,816	19,838,491
Unrestricted and undesignated	12,511,128	4,483,618
	<u>41,052,944</u>	<u>24,322,109</u>

Included in cash and cash equivalents is a high interest saving account with interest rate of .5025% (2020 - 1.36%) and a balance of \$753 (2020 - \$11,042,012).

6. Portfolio investments

Portfolio investments are held with the ONE Investment Program and are comprised of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Bond Fund with the effective yield rate of -1.44% for the 2021 fiscal year	15,881,105	10,608,928
Universe Corporate Bond return on investment of -2.37% for the 2021 fiscal year	19,479,235	16,103,580
Equity Fund return on investment of 20.62% in 2021	11,175,315	10,310,549
	<u>46,535,655</u>	<u>37,023,057</u>

The market value of the bond and equity fund as of December 31, 2021 is \$49,657,035 (2020 - \$39,766,462).

7. Taxes receivable

	<u>2021</u>	<u>2020</u>
	\$	\$
Current year	5,214,940	4,709,223
Arrears previous years	5,126,281	4,384,302
	10,341,221	9,093,525
Less: allowance	(242,901)	(281,319)
	<u>10,098,320</u>	<u>8,812,206</u>

8. Accounts receivable

	<u>2021</u>	<u>2020</u>
	\$	\$
Government entities	1,327,098	1,807,524
Trade and other receivables	3,932,592	1,664,150
	5,259,690	3,471,674
Less: allowance	(166,169)	(166,169)
	<u>5,093,521</u>	<u>3,305,505</u>

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

December 31, 2021

9. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
	\$	\$
Trade payables and accruals	15,564,906	10,314,395
School boards	56,387	(185,606)
Region of York	254,553	91,034
Interest on long-term debt	114,351	112,006
Payroll	2,038,663	2,899,554
	<u>18,028,860</u>	<u>13,231,383</u>

10. Deferred revenue - obligatory reserve funds

	<u>2021</u>	<u>2020</u>
	\$	\$
Development charge reserve funds	17,373,030	11,747,673
Subdivider contributions	120,491	119,661
Recreational land dedicated under the Planning Act	3,294,950	2,211,155
Canada Community Building Fund grant	7,753,345	5,760,002
	<u>28,541,816</u>	<u>19,838,491</u>

Continuity of obligatory reserve funds

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance at the beginning of the year	19,838,491	17,858,662
Development charge collections	8,111,675	2,609,924
Canada Community Building Fund grant	2,864,449	1,439,601
Investment income	123,366	133,693
Tangible capital assets acquisitions and construction	(2,396,165)	(2,203,389)
Balance at the end of the year	<u>28,541,816</u>	<u>19,838,491</u>

11. Employee future benefits payable

Under the provisions of certain employee benefit 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, 2020.

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

December 31, 2021

11. Employee future benefits payable (continued)

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

	<u>2021</u>	<u>2020</u>
	\$	\$
Employee other future benefits	2,515,854	2,390,805
Vacation pay	<u>1,387,567</u>	<u>1,862,882</u>
	<u>3,903,421</u>	<u>4,253,687</u>

Total other benefit payments to retirees during the year were \$115,440 (2020 - \$102,550). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Accrued benefits obligation	2,475,242	2,533,685
Unamortized actuarial gain	<u>40,612</u>	<u>(142,880)</u>
Employee future benefits payable	<u>2,515,854</u>	<u>2,390,805</u>

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

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance, beginning of the year	2,390,805	2,253,915
Annual amortization of actuarial gains	10,605	14,698
Current period service cost	152,964	154,571
Interest cost	76,920	70,171
Benefits paid for the period	<u>(115,440)</u>	<u>(102,550)</u>
Balance, end of the year	<u>2,515,854</u>	<u>2,390,805</u>

Significant assumptions used are as follows:

	<u>2021</u>	<u>2020</u>
Expected average remaining service life in years	17	17
Employees future benefits payable as at January 1 <i>Interest (discount) rate</i>	3.00%	2.80%
Benefits cost for the year ended December 31 <i>Interest (discount) rate</i>	3.60%	3.00%
<i>Dental costs</i>	4.50%	4.50%
<i>Health costs</i>		
- Initial rate	4.50%	4.50%

12. Insurance coverage

The Town is self insured for insurance claims up to \$50,000 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 \$93,202 (2020 - \$26,466).

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

December 31, 2021

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:

Purpose	Rates	Maturity in	2021 \$	2020 \$
Pefferlaw Fire Hall Principal & interest is repayable in semi-annual installments of \$149,945	3.14%	June, 2051	5,741,115	-
Willow Beach water and sewers Principal & interest is repayable in semi-annual installments of \$624,354	4.76%	Sept, 2026	5,498,994	6,452,041
Dalton Road Watermain Sinking fund payments are payable in April in the amount of \$560,605. Interest is payable semi-annually in	2.65%	April, 2029	4,852,509	5,432,250
Link Phase 2&3 Principal & interest is repayable in semi-annual installments of \$63,339	3.14%	June, 2051	2,425,126	-
Wexford Pumping Station Principal & interest is repayable in semi-annual installments of \$76,488	2.84%	June, 2041	2,278,484	-
Streetlight Retrofit Principal & interest is repayable in monthly installments of \$24,292, which are adjusted for inflation	8.07%	April, 2026	1,251,040	1,450,333
			<u>22,047,268</u>	<u>13,334,624</u>

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

	\$
2022	2,048,944
2023	2,138,023
2024	2,233,282
2025	2,335,216
2026	2,181,666
Thereafter	10,742,468
Interest to be earned on sinking funds	367,669
	<u>22,047,268</u>

Interest expense on long-term debt amounted to \$753,446 (2020 - \$637,645). Interest paid during the year is \$751,272 (2020 - \$650,711)

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

December 31, 2021

13. Long-term debt (continued)

Of the long-term debt \$22,047,268 (2020 - \$13,334,624) 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>2021</u>	<u>2020</u>
	\$	\$
Water/Wastewater user charges	<u>12,629,987</u>	<u>11,884,291</u>

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. Government grants and contributions

	<u>2021</u>	<u>2020</u>
	\$	\$
Federal	174,835	211,722
Provincial	<u>4,169,649</u>	<u>3,034,257</u>
	<u>4,344,484</u>	<u>3,245,979</u>

15. Contractual obligations and contingencies

Contractual obligations

The Town has the following contractual obligations at December 31, 2021:

- a) The Town has entered into a multi-year contract for the construction of a multi-use recreation centre (MURC). The total purchase commitment amounts to \$39,733,000. As at December 31, 2021 \$36,274,186 (2020 - nil) relating to this contract has not been expended.
- b) The Town entered into a contract for the provision of roadway snow and ice treatment services to assist the Town's forces in winter maintenance operations for (7) seven seasons at a cost of \$606,520 per season. The total purchase commitment of this contract amounts to \$4,245,640 of which \$4,220,686 (2020 - nil) relating to this contract has not been expended.
- c) The Town entered into a multi-year contract for the provision of sidewalk winter maintenance and snow removal services to assist the Town's forces in winter maintenance service delivery for (8) eight seasons at a cost of \$185,400 per season to be increased at a rate of .88% per year. The total purchase commitment of this contract amounts to \$1,526,131 of which \$1,461,816 (2020 - nil) relating to this contract has not been expended.

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, 2021

16. Accumulated surplus

The accumulated surplus is comprised of the following:

	<u>2021</u>	<u>2020</u>
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	8,400,893	7,445,839
Recreation and cultural programs and facilities	102,263	116,789
Working capital	4,692,893	2,200,323
Health services	25,792	23,360
Roadways	5,230,321	3,637,883
Protective inspections	503,152	(423,224)
General government	708,901	563,226
Contingencies	9,677,742	6,855,349
Libraries	25,190	25,190
Acquisition of capital assets	12,984,118	13,158,889
Cemeteries	102,891	117,298
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	1,625,195	707,589
Repayment of water and sewer debentures	5,754,819	5,403,421
Water and sewer system capital expenses	2,638,369	4,036,919
WSIB	-	325,073
Infrastructure	6,615,257	6,817,290
Other	1,287,852	-
	<u>60,475,648</u>	<u>51,111,214</u>
Surpluses		
Invested in tangible capital assets (Schedule 1)	364,701,679	353,847,189
Less: amount financed by long-term debt (Note 14)	(22,047,268)	(13,334,624)
Operating deficit	(10,560,292)	(14,474,853)
Employee future benefits (Note 11)	(3,903,421)	(4,253,687)
	<u>328,190,698</u>	<u>321,784,025</u>
Accumulated surplus	<u>388,666,346</u>	<u>372,895,239</u>

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2021

17. Pension agreements

OMERS provides pension services to more than 500,000 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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 ranged from 9% to 14.6% (2020 - 9% to 14.6%) depending on the proposed retirement age and level of earnings. As a result \$2,526,315 (2020 - \$2,544,008) was contributed to OMERS for current year services.

18. COVID-19 Impact

The short term financial impact of COVID-19 is reflected in the Consolidated Statement of Operations and Accumulated Surplus including decreased revenue and expenses due to program reductions, as well as, stabilization funding and COVID-19 support from the Provincial Government.

19. Comparative Amounts

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

20. Segmented information

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

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, 2021

20. 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

	2 0 2 1								Net Book Value
	Cost				Accumulated Amortization				
	Opening Balance	Additions/Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	43,909,871	419,500	-	44,329,371	-	-	-	-	44,329,371
Building	43,633,965	10,598,406	(26,405)	54,205,966	19,898,533	1,591,388	(26,405)	21,463,516	32,742,450
Machinery and equipment	16,714,561	1,322,745	(118,064)	17,919,242	9,312,330	1,061,814	(94,853)	10,279,291	7,639,951
Vehicles	9,394,732	379,742	(699,565)	9,074,909	4,371,681	698,365	(686,922)	4,383,124	4,691,785
Information technology	4,009,912	234,236	(185,768)	4,058,380	1,809,577	479,928	(185,768)	2,103,737	1,954,643
Library collections	909,249	113,360	(172,438)	850,171	485,763	130,031	(172,438)	443,356	406,815
	118,572,290	13,067,989	(1,202,240)	130,438,039	35,877,884	3,961,526	(1,166,386)	38,673,024	91,765,015
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	25,622,709	1,864,506	-	27,487,215	16,836,675	818,369	-	17,655,044	9,832,171
Transportation networks	163,408,053	3,324,699	-	166,732,752	84,765,381	5,856,128	-	90,621,509	76,111,243
Pumping stations	9,737,197	5,589,861	(140,000)	15,187,058	5,124,365	260,282	(107,203)	5,277,444	9,909,614
Sanitary sewer assets	85,033,638	1,157,071	-	86,190,709	22,085,713	956,123	-	23,041,836	63,148,873
Storm sewer assets	31,004,542	1,299,854	-	32,304,396	6,928,762	438,799	-	7,367,561	24,936,835
Water linear assets	80,518,810	838,420	-	81,357,230	19,568,773	975,211	-	20,543,984	60,813,246
	410,167,609	14,074,411	(140,000)	424,102,020	155,309,669	9,304,912	(107,203)	164,507,378	259,594,642
Assets under construction	16,294,843	(2,952,821)	-	13,342,022	-	-	-	-	13,342,022
Total capital assets	545,034,742	24,189,579	(1,342,240)	567,882,081	191,187,553	13,266,438	(1,273,589)	203,180,402	364,701,679

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31

	2 0 2 0								
	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	42,897,671	1,012,200	-	43,909,871	-	-	-	-	43,909,871
Building	43,414,593	219,372	-	43,633,965	18,500,114	1,398,419	-	19,898,533	23,735,432
Machinery and equipment	16,219,555	812,542	(317,536)	16,714,561	8,491,857	1,078,221	(257,748)	9,312,330	7,402,231
Vehicles	9,022,648	509,879	(137,795)	9,394,732	3,829,307	680,169	(137,795)	4,371,681	5,023,051
Information technology	3,646,248	505,304	(141,640)	4,009,912	1,504,266	446,951	(141,640)	1,809,577	2,200,335
Library collections	985,502	102,107	(178,360)	909,249	527,350	136,773	(178,360)	485,763	423,486
	<u>116,186,217</u>	<u>3,161,404</u>	<u>(775,331)</u>	<u>118,572,290</u>	<u>32,852,894</u>	<u>3,740,533</u>	<u>(715,543)</u>	<u>35,877,884</u>	<u>82,694,406</u>
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	25,355,919	266,790	-	25,622,709	15,942,661	894,014	-	16,836,675	8,786,034
Transportation networks	157,975,780	5,432,273	-	163,408,053	79,255,854	5,509,527	-	84,765,381	78,642,672
Pumping stations	9,737,197	-	-	9,737,197	4,927,760	196,605	-	5,124,365	4,612,832
Sanitary sewer assets	84,836,695	196,943	-	85,033,638	21,137,151	948,562	-	22,085,713	62,947,925
Storm sewer assets	30,722,702	281,840	-	31,004,542	6,505,137	423,625	-	6,928,762	24,075,780
Water linear assets	80,071,596	447,214	-	80,518,810	18,602,111	966,662	-	19,568,773	60,950,037
	<u>403,542,549</u>	<u>6,625,060</u>	<u>-</u>	<u>410,167,609</u>	<u>146,370,674</u>	<u>8,938,995</u>	<u>-</u>	<u>155,309,669</u>	<u>254,857,940</u>
Assets under construction	<u>6,880,854</u>	<u>9,413,989</u>	<u>-</u>	<u>16,294,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,294,843</u>
Total capital assets	<u>526,609,620</u>	<u>19,200,453</u>	<u>(775,331)</u>	<u>545,034,742</u>	<u>179,223,568</u>	<u>12,679,528</u>	<u>(715,543)</u>	<u>191,187,553</u>	<u>353,847,189</u>

Assets under construction

Assets under construction and other capital work in progress having a value of \$13,342,022 (2020- \$16,294,843) have not been amortized. Amortization of these assets will commence when the assets are put into service.

Contributed tangible capital

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 \$9,451,814 (2020 - \$2,357,710), which includes contributions from developers in the amount of \$9,451,814 (2020 - \$1,900,733).

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2021

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	49,001,684	47,508,968						
Grants	4,344,484	3,245,979	16,268		1,694	1,165,341	1,390,647	1,390,647
User fees and service charges	8,261,775	8,445,136	137,712	115,309	143,651	134,318	1,105,034	899,182
Licenses, permits and rent	2,714,288	1,616,616			2,400,293	1,355,111		
Fines, penalties and interest	3,303,646	2,700,455			352,572	128,299	3,580	2,804
Other	13,728,123	5,507,616			580,440	564,142	2,773,087	2,572,431
Total revenues	81,354,000	69,024,770	153,980	115,309	3,478,650	3,347,211	5,272,348	4,865,064
Expenses								
Salaries and wages	34,549,730	34,300,578	7,799,575	8,100,400	2,823,814	3,033,502	3,838,868	4,017,611
Interest on long-term debt	749,622	632,575	98,985				134,113	152,291
Materials, good and supplies	4,014,554	4,136,387	497,282	467,417	184,870	392,866	1,652,082	1,206,008
Contracted and general services	13,148,200	10,972,583	553,010	507,236	1,480,827	1,080,226	1,334,468	886,799
Rents and financial	7,364	965,466			13,438	366,384		94,500
External transfers	0	0						
Amortization	13,266,438	12,679,528	600,251	512,892	55,568	82,432	6,318,984	5,972,055
Other	0	0						
Total expenses	65,735,907	63,687,117	9,549,103	9,587,945	4,558,517	4,955,410	13,278,515	12,329,264
Net revenues (expenses)	15,618,093	5,337,653	-9,395,123	-9,472,636	-1,079,867	-1,608,199	-8,006,167	-7,464,200

The Corporation of the Town of Georgina
Schedule 2 - Segment Disclosures
Year Ended December 31, 2021

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation								
Grants			368,093	443,240	2,602,528	2,548,934	245,831	2,165
User fees and service charges	4,482,117	4,314,930	1,393,025	1,628,519	60,631	114,076	501,694	402,807
Licenses, permits and rent			262,246	197,134				
Fine, penalties and interest			272	466	1,413	5,444		
Other	7,340,972	745,491	1,629,661	524,860	4,341	2,558	29,395	70,898
Total revenues	11,823,089	5,060,421	3,653,297	2,794,220	2,668,913	2,671,012	776,920	475,870
Expenses								
Salaries and wages	2,422,666	2,296,160	5,978,605	6,616,140	1,658,551	1,458,110	1,737,691	1,708,725
Interest on long-term debt	474,712	480,284	41,812					
Materials, good and supplies	287,070	297,793	1,265,276	1,569,415	155,756	203,280	19,560	10,509
Contracted and general services	3,827,186	3,595,687	3,030,349	2,531,097	242,364	214,840	637,970	368,537
Rents and financial	14,486	20,364	64,337	347,678	3,680	2,559		70,052
External transfers			2,530,030	2,482,220				0
Amortization	2,944,042	2,837,450	2,714,705	2,656,526	295,166	292,985	31,284	30,235
Other								
Total expenses	9,970,162	9,527,738	15,625,114	16,203,077	2,355,517	2,171,774	2,426,505	2,188,058
Net revenues (expenses)	1,852,927	-4,467,317	-11,971,817	-13,408,857	313,396	499,238	-1,649,585	-1,712,188

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2021

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation			49,001,684	47,508,968		
Grants	2,249,453	177,872			-2,530,030	-2,482,220
User fees and service charges	437,911	835,995				
Licenses, permits and rent	51,749	64,371				
Fine, penalties and interest	2,945,809	2,563,442				
Other	1,370,227	1,027,236				
Total revenues	7,055,149	4,668,916	49,001,684	47,508,968	-2,530,030	-2,482,220
Expenses						
Salaries and wages	8,289,960	7,069,930				
Interest on long-term debt						
Materials, good and supplies	-47,343	-10,901				
Contracted and general services	2,042,026	1,788,161				
Rents and financial	-88,577	63,929				
External transfers		0			-2,530,030	-2,482,220
Amortization	306,438	294,953				
Other						
Total expenses	10,502,504	9,206,072	0	0	-2,530,030	-2,482,220
Net revenue (expenses)	-3,447,355	-4,537,156	49,001,684	47,508,968	0	0