



GEORGINA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

Corporation of The Town of Georgina
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Keswick, Ontario, Canada, L4P 3G1
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GEORGINA

**Town of Georgina
Consolidated Financial Statements
December 31, 2017**

Adopted by Council on June 27, 2018

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, 2017**

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Georgina which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, cash flows and 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, 2017 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 27, 2018
Newmarket, Ontario

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

December 31

	<u>2017</u>	<u>2016</u>
	\$	\$
Financial assets		
Cash and cash equivalents (Note 5)	50,174,628	48,375,449
Taxes receivable (Note 6)	5,790,096	4,886,835
Water and sewer charges receivable	2,753,856	2,430,077
Accounts receivable (Note 7)	4,553,665	2,392,437
	<u>63,272,245</u>	<u>58,084,798</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	24,331,755	19,331,029
Deferred revenue - obligatory reserve funds (Note 9)	12,079,233	11,227,743
Employee future benefits payable (Note 10)	4,053,520	4,060,847
Long-term debt (Note 13)	11,154,631	12,301,679
	<u>51,619,139</u>	<u>46,921,298</u>
Net Financial Assets	<u>11,653,106</u>	<u>11,163,500</u>
Non-financial assets		
Inventory held for own use	330,580	264,374
Prepaid expenses and deposits	926,834	1,079,467
Tangible capital assets (Note 14 and Schedule 1)	347,522,586	345,682,850
	<u>348,780,000</u>	<u>347,026,691</u>
Accumulated surplus (Note 16)	<u>360,433,106</u>	<u>358,190,191</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

	2017		2016
	Budget (Note 2)	Actual	Actual
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	40,838,310	41,449,067	39,107,429
User fees and service charges	15,982,050	9,663,262	9,450,950
Government grants and contributions (Note 11)	3,701,050	2,405,380	952,115
Fines, penalties and interest	912,100	1,034,572	985,397
Licenses and permits	1,532,000	1,167,696	1,773,991
Investment income	400,040	492,236	453,779
Revenue from other municipalities	663,270	644,380	790,755
Other	-	85,329	168,241
Other - assumed properties (vested)	-	-	993,000
Federal Gas Tax earned	3,644,130	1,002,425	1,579,143
Developer contributions earned	801,500	362,594	117,640
Rents and concessions	249,080	211,463	158,740
Proceeds from insurance	-	135,000	-
Donations	31,800	86,188	1,373,430
Total revenues	68,755,330	68,729,592	57,904,610
Expenses			
Recreation and cultural services	16,950,210	16,838,375	17,245,742
Protection to persons and property	10,822,570	10,877,163	10,980,552
Transportation services	11,426,600	11,483,195	11,987,958
General government	7,090,820	7,293,185	6,723,370
Environmental services	8,078,590	7,711,703	8,053,987
Planning and development services	1,865,620	1,835,682	1,899,557
Health services	45,210	44,408	32,550
Social and family services	333,510	331,215	339,920
Total expenses	56,613,130	56,414,926	57,263,636
Net revenues	12,142,200	2,314,666	640,974
Loss on disposal of tangible capital assets	-	(71,751)	(152,220)
Annual surplus	12,142,200	\$ 2,242,915	\$ 488,754
Accumulated surplus, beginning of year		358,190,191	357,701,437
Accumulated surplus, end of year		360,433,106	358,190,191

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus	2,242,915	488,754
Amortization expense	11,771,689	11,722,585
Loss on disposal of tangible capital assets	71,751	152,220
Changes in non-cash item balances		
Taxes receivable	(903,261)	(18,994)
Water and sewer charges receivable	(323,779)	(229,054)
Accounts receivable	(2,161,228)	143,085
Inventory held for own use	(66,206)	81,918
Prepaid expenses	152,633	(49,173)
Accounts payable and accrued liabilities	5,000,726	2,553,786
Deferred revenue - obligatory reserve funds	851,490	1,575,950
Employee future benefits payable	(7,327)	954,233
Cash provided by operating activities	<u>16,629,403</u>	<u>17,375,310</u>
Capital activities		
Acquisition of tangible capital assets	(13,797,747)	(10,601,351)
Proceeds from sale of tangible capital assets	114,571	43,340
Cash provided by capital activities	<u>(13,683,176)</u>	<u>(10,558,011)</u>
Financing activities		
Principal repayment on long-term debt	(897,048)	(816,070)
Mortgage payable	(250,000)	(296,207)
Issuance of long-term debt	-	2,068,045
Cash provided by financing activities	<u>(1,147,048)</u>	<u>955,768</u>
Net change in cash and cash equivalents	1,799,179	7,773,067
Cash and cash equivalents, beginning of year	<u>48,375,449</u>	<u>40,602,382</u>
Cash and cash equivalents, end of year	<u>50,174,628</u>	<u>48,375,449</u>

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

	<u>2017</u>	<u>2017</u>	<u>2016</u>
	Budget (Note 2)	Actual	
	\$	\$	\$
Annual surplus	<u>12,142,200</u>	<u>2,242,915</u>	<u>488,754</u>
Acquisition of tangible capital assets	(25,846,820)	(13,797,747)	(10,601,351)
Loss on disposal of tangible capital assets	-	71,751	152,220
Amortization of tangible capital assets	11,771,680	11,771,689	11,722,585
Proceeds on sale of tangible capital assets	-	114,571	43,340
	<u>(14,075,140)</u>	<u>(1,839,736)</u>	<u>1,316,794</u>
Changes in inventory held for use	-	(66,206)	81,918
Changes in prepaid expenses	-	152,633	(49,173)
	<u>-</u>	<u>86,427</u>	<u>32,745</u>
Change in net financial assets	(1,932,940)	489,606	1,838,293
Net financial assets, beginning of year	<u>11,163,500</u>	<u>11,163,500</u>	<u>9,325,207</u>
Net financial assets, end of year	<u>9,230,560</u>	<u>11,653,106</u>	<u>11,163,500</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2017

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, cash held at 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, 2017

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, 2017

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, 2017

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

Investment income

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

Government transfers

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

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets and significant accruals such as employee future benefits. Actual results could differ from these estimates.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2017

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, 2017

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	89,836,580	90,831,620
Capital budget carried over from previous years	<u>995,040</u>	-
Total Council approved budget	90,831,620	90,831,620
Add: Amortization expense	-	11,771,680
Less: Consolidation adjustments	(10,747,070)	(10,647,070)
Less: PSAB adjustments	(11,329,220)	(10,085,700)
Less: Tangible capital assets capitalized	<u>-</u>	<u>(25,257,400)</u>
Adjusted budget per consolidated statement of operations	<u>68,755,330</u>	<u>56,613,130</u>

3. Trust fund

The Trust fund administered by the Town amounting to \$79,674 (2016 - \$71,220) 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 2017, 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>2017</u>	<u>2016</u>
	\$	\$
School boards	15,503,453	14,771,902
Region of York	<u>25,703,476</u>	<u>24,801,608</u>
	<u>41,206,929</u>	<u>39,573,510</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2017

5. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 9)	12,079,233	11,227,744
Unrestricted and undesignated	<u>38,095,395</u>	<u>37,147,705</u>
	<u>50,174,628</u>	<u>48,375,449</u>

Included in cash and cash equivalents are Guaranteed Investment Certificates of SNII (2016 - \$10,000,000).

6. Taxes receivable

	<u>2017</u>	<u>2016</u>
	\$	\$
Current year	4,072,843	3,474,407
Arrears previous years	<u>1,971,866</u>	<u>1,674,162</u>
	6,044,709	5,148,569
Less: allowance	<u>(254,613)</u>	<u>(261,734)</u>
	<u>5,790,096</u>	<u>4,886,835</u>

7. Accounts receivable

	<u>2017</u>	<u>2016</u>
	\$	\$
Government entities	1,757,032	1,203,706
Trade and other receivables	<u>2,961,941</u>	<u>1,285,895</u>
	4,718,973	2,489,601
Less: allowance	<u>(165,308)</u>	<u>(97,164)</u>
	<u>4,553,665</u>	<u>2,392,437</u>

8. Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade payables and accruals	21,702,777	17,242,163
School boards	181,211	103,636
Region of York	498,218	260,234
Interest on long-term debt	108,532	118,636
Payroll	<u>1,841,017</u>	<u>1,606,360</u>
	<u>24,331,755</u>	<u>19,331,029</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2017

9. Deferred revenue - obligatory reserve funds

	<u>2017</u>	<u>2016</u>
	\$	\$
Development charge reserve funds	6,643,403	6,340,453
Subdivider contributions	112,328	111,154
Recreational land dedicated under the Planning Act	1,451,514	1,319,204
Gas tax grant	<u>3,871,988</u>	<u>3,456,932</u>
	<u>12,079,233</u>	<u>11,227,743</u>

Continuity of obligatory reserve funds

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance at the beginning of the year	11,227,743	9,651,793
Development charge collections	715,649	1,902,493
Gas tax grant	1,346,478	1,323,055
Investment income	154,381	47,185
Tangible capital assets acquisitions and construction	<u>(1,365,018)</u>	<u>(1,696,783)</u>
Balance at the end of the year	<u>12,079,233</u>	<u>11,227,743</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, 2017

10. Employee future benefits payable (continued)

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Employee other future benefits	2,126,648	2,056,195
Vacation pay	<u>1,926,872</u>	<u>2,004,652</u>
	<u>4,053,520</u>	<u>4,060,847</u>

Total other benefit payments to retirees during the year were \$115,348 (2016 - \$114,542). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Accrued benefits obligation	2,018,500	2,176,843
Unamortized actuarial gain	<u>108,148</u>	<u>(120,648)</u>
Employee future benefits payable	<u>2,126,648</u>	<u>2,056,195</u>

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance, beginning of the year	2,056,195	1,309,027
Annual amortization of actuarial gains	1,155	25,068
Current period service cost	136,523	106,977
Interest cost	48,123	41,632
Prior period cost of plan amendment	-	688,033
Benefits paid for the period	<u>(115,348)</u>	<u>(114,542)</u>
Balance, end of the year	<u>2,126,648</u>	<u>2,056,195</u>

Significant assumptions used are as follows:

	<u>2017</u>	<u>2016</u>
Expected average remaining service life in years	16.7	16.7
Employees future benefits payable as at December 31		
<i>Interest (discount) rate</i>	2.20%	2.20%
Benefits cost for the year ended December 31		
<i>Interest (discount) rate</i>	3.00%	2.20%
<i>Dental costs</i>	4.50%	4.50%
<i>Health costs</i>	4.50%	4.50%

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2017

11. Government grants and contributions

	<u>2017</u>	<u>2016</u>
	\$	\$
Federal	1,138,156	198,844
Provincial	1,267,224	753,271
	<u>2,405,380</u>	<u>952,115</u>

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 \$83,758 (2016 - \$98,070).

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, 2017 these reserves had a balance of \$6,168 (2016 - \$93,832).

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>	<u>2017</u>	<u>2016</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	9,056,568	9,846,266
Mortgage payable	0.00%	2018	200,000	450,000
Streetlight Retrofit	8.07%	2026	1,898,063	2,005,413
			<u>11,154,631</u>	<u>12,301,679</u>

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

	\$
2018	1,154,488
2019	1,015,966
2020	1,081,802
2021	1,152,341
2022	1,227,960
2023 and thereafter	5,522,074
	<u>11,154,631</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2017

13. Long-term debt (continued)

Interest expense on long-term debt amounted to \$641,947 (2016 - \$607,985). Interest paid during the year is \$638,293.

Of the long-term debt \$11,154,631 (2016 - \$12,301,679) 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>2017</u>	<u>2016</u>
	\$	\$
Water/Wastewater user charges	<u>9,056,668</u>	<u>9,846,266</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 \$200,000 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 \$9,166,392 (2016 - \$3,042,055) 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 \$19,709 (2016 - \$2,316,246), which includes contribution from developers in the amount of \$nil (2016 - \$2,250,549) 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, 2017

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 year are as follows:

2018	<u>\$</u> <u>16,475</u>
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Contractual obligations

The Town has the following contractual obligations at December 31, 2017:

- 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 \$1,517,136 of which expenses of approximately \$106,689 were outstanding as at December 31, 2017.
- 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 \$206 were outstanding as at December 31, 2017.

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, 2017

16. Accumulated surplus

The accumulated surplus is comprised of the following:

	2017	2016
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	7,149,532	6,503,655
Recreation and cultural programs and facilities	109,365	86,787
Working capital	2,207,569	1,802,442
Waste disposal	23,345	23,345
Health services	57,189	65,943
Roadways	166,882	166,982
Protective inspections	775,842	955,393
General government	1,475,879	1,338,748
Insurance	6,168	(93,832)
Planning and development	151,502	148,591
Contingencies	1,739,531	514,267
Parks	7,072	7,072
Libraries	9,190	22,719
Green initiatives	241,935	265,533
Acquisition of capital assets	14,648,796	13,146,231
Cemeteries	96,898	90,098
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	225,228	184,188
Repayment of water and sewer debentures	4,083,558	3,574,029
Water and sewer system capital expenses	4,151,671	3,657,917
Servicing allocation contribution	42,000	42,000
WSIB	189,950	106,403
Total reserves	<u>37,659,102</u>	<u>32,708,511</u>
Surpluses		
Invested in tangible capital assets (Schedule 1)	347,522,586	345,682,850
Less: amount financed by long-term debt (Note 13)	(11,164,631)	(12,301,679)
Operating deficit	(9,540,430)	(3,838,644)
Employee future benefits (Note 10)	<u>(4,053,520)</u>	<u>(4,060,847)</u>
Total surpluses	<u>322,774,004</u>	<u>325,481,680</u>
Accumulated surplus	<u>360,433,106</u>	<u>358,190,191</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2017

17. Pension agreements

OMERS provides pension services to more than 482,000 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 ranged from 8.3% to 13.9% (2016 - 8.3% to 13.9%) depending on the proposed retirement age and level of earnings. As a result \$2,043,320 (2016 - \$2,061,800) 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.

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, 2017

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, 2017

	Cost				2 0 1 7 Accumulated Amortization				Net Book Value
	Opening Balance	Additions/ Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	40,785,421	-	-	40,785,421	-	-	-	-	40,785,421
Building	41,407,483	798,179	(6,627)	42,199,035	14,704,137	1,319,375	(4,308)	16,019,204	26,179,831
Machinery and equipment	14,001,605	484,266	(245,604)	14,240,267	6,382,025	929,576	(192,907)	7,118,694	7,121,573
Vehicles	7,400,242	1,718,866	(1,138,418)	7,980,690	5,292,251	486,748	(1,101,210)	4,677,789	3,302,901
Information technology	1,476,266	1,075,008	(164,433)	2,386,841	810,088	286,432	(164,433)	932,087	1,454,754
Library collections	1,149,191	120,209	(178,961)	1,090,439	598,818	160,403	(178,961)	580,260	510,179
	106,220,208	4,196,528	(1,734,043)	108,682,693	27,787,319	3,182,534	(1,641,819)	29,326,034	79,354,659
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	24,154,303	401,798	-	24,556,101	13,283,201	947,070	-	14,230,271	10,325,830
Transportation networks	151,400,609	2,081,573	-	153,482,182	63,388,997	5,176,980	-	68,565,977	84,916,205
Pumping stations	8,768,562	-	(210,000)	8,558,562	4,536,815	274,892	(115,902)	4,695,805	4,862,757
Sanitary sewer assets	83,305,019	816,514	-	84,121,533	18,316,789	931,666	-	19,248,455	64,873,078
Storm sewer assets	30,303,797	-	-	30,303,797	5,250,787	415,017	-	5,665,804	24,637,993
Water linear assets	71,104,305	176,997	-	71,281,302	15,894,760	843,530	-	16,738,290	54,543,012
	384,879,255	3,476,882	(210,000)	388,146,137	120,671,349	8,589,155	(115,902)	129,144,602	259,001,535
Assets under construction	3,042,055	6,124,337	-	9,166,392	-	-	-	-	9,166,392
Total capital assets	494,141,518	13,797,747	(1,944,043)	505,995,221	148,458,668	11,771,689	(1,757,721)	158,472,636	347,522,586

The Corporation of the Town of Georgina
 Schedule 1 - Tangible Capital Assets - Summary by Asset Category
 December 31, 2017

	2 0 1 7				2 0 1 6				Net Book Value
	Cost				Accumulated Amortization				
	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	28,703,346
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
	<u>103,636,954</u>	<u>3,444,092</u>	<u>(860,838)</u>	<u>106,220,208</u>	<u>25,623,228</u>	<u>3,006,063</u>	<u>(841,972)</u>	<u>27,787,319</u>	<u>78,432,889</u>
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	4,259,288	277,529		4,536,815	5,231,747
Sanitary sewer assets	83,172,805	132,214		83,305,019	17,391,325	925,484		18,316,789	64,988,230
Storm sewer assets	29,921,846	381,951		30,303,797	4,839,536	411,251		5,250,787	25,053,010
Water linear assets	70,954,392	149,913		71,104,305	15,053,716	841,044		15,894,760	55,209,545
	<u>380,633,053</u>	<u>4,951,028</u>	<u>(704,826)</u>	<u>384,879,255</u>	<u>112,482,959</u>	<u>8,716,522</u>	<u>(528,132)</u>	<u>120,671,349</u>	<u>264,207,906</u>
Assets under construction	<u>835,824</u>	<u>2,206,231</u>	<u>-</u>	<u>3,042,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,042,055</u>
Total capital assets	<u>485,105,831</u>	<u>10,601,351</u>	<u>(1,565,664)</u>	<u>494,141,518</u>	<u>138,106,187</u>	<u>11,722,585</u>	<u>(1,370,104)</u>	<u>148,458,668</u>	<u>345,682,850</u>

The Corporation of the Town of Georgina
Schedule 2 - Segment Disclosures
Year Ended December 31, 2017

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	41,449,067	39,107,429	-	-	-	-	-	-
Grants	2,405,380	952,115	-	-	1,478	5,783	-	349,957
User fees and service charges	9,663,262	9,450,950	210,069	84,087	82,579	69,029	990,758	600,099
Licenses, permits and rent	1,369,159	1,932,731	-	-	1,109,236	1,737,133	-	-
Fines, penalties and interest	1,034,572	985,397	-	-	173,075	174,231	-	-
Other	2,808,152	5,475,988		3,500	417,990	499,829	1,127,084	2,194,053
Total revenues	58,729,592	57,904,610	210,069	87,587	1,784,358	2,486,005	2,117,842	3,144,109
Expenses								
Salaries and wages	30,071,141	29,916,124	6,511,555	6,670,563	2,529,741	2,497,930	3,951,032	3,858,332
Interest on long-term debt	638,293	607,985	-	-	-	-	192,856	134,022
Materials, good and supplies	4,543,897	4,680,042	409,550	395,115	147,292	145,053	1,342,438	1,422,584
Contracted and general services	8,960,329	9,977,751	416,835	452,833	503,236	476,167	388,176	883,422
Rents and financial	169,104	154,169	-	-	1,069	967	-	-
External transfers	260,473	204,960		-	-	-	55,000	55,000
Amortization	11,771,689	11,722,585	311,679	278,993	46,206	62,931	5,553,693	5,634,598
Total expenses	56,414,926	57,263,636	7,649,619	7,797,504	3,227,544	3,183,048	11,483,195	11,987,958
Net revenues (expenses)	2,314,666	640,974	(7,439,550)	(7,709,917)	(1,443,186)	(697,043)	(9,365,353)	(8,843,849)

The Corporation of the Town of Georgina
Schedule 2 - Segment Disclosures
Year Ended December 31, 2017

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	-	-
Grants	1,821,100	-	358,211	227,718	2,225,161	2,131,808	-	152,819
User fees and service charges	4,564,674	4,719,971	2,850,386	3,065,179	85,341	93,427	471,163	424,790
Licenses, permits and rent	-	-	199,963	147,740	-	-	-	-
Fine, penalties and interest	-	-	-	-	25,113	25,425	-	-
Other	162,764	866,593	602,179	379,799	8,334	10,398	-	15,072
Total revenues	6,548,538	5,586,564	4,010,739	3,820,436	2,343,949	2,261,058	471,163	592,681
Expenses								
Salaries and wages	1,436,178	1,662,494	7,738,860	7,758,038	1,577,718	1,581,902	1,369,808	1,234,961
Interest on long-term debt	445,437	473,538	-	-	-	-	-	425
Materials, good and supplies	366,334	382,461	2,041,001	2,185,757	184,582	162,052	23,868	11,135
Contracted and general services	2,799,094	2,964,160	2,392,505	2,643,630	168,540	266,869	364,418	552,743
Rents and financial	16,227	15,545	97,428	68,817	2,176	2,073	-	46,207
External transfers	-	-	2,301,483	2,184,050	-	-	57,060	34,000
Amortization	2,648,433	2,555,789	2,638,274	2,601,133	224,602	231,951	20,528	20,086
Total expenses	7,711,703	8,053,988	17,209,551	17,441,425	2,157,517	2,244,857	1,835,682	1,899,557
Net revenues (expenses)	(1,163,165)	(2,467,423)	(13,198,812)	(13,620,989)	186,432	16,201	(1,364,519)	(1,306,876)

The Corporation of the Town of Georgina
 Schedule 2 - Segment Disclosures
 Year Ended December 31, 2017

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation	-	-	41,449,067	39,107,429	-	-
Grants	152,500	152,100	-	-	(2,153,070)	(2,068,070)
User fees and service charges	408,292	394,368	-	-	-	-
Licenses, permits and rent	59,960	47,858	-	-	-	-
Fine, penalties and interest	836,385	785,741	-	-	-	-
Other	489,800	1,506,744	-	-	-	-
Total revenues	1,946,937	2,886,811	41,449,067	39,107,429	(2,153,070)	(2,068,070)
Expenses						
Salaries and wages	4,956,249	4,651,904	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	28,832	(24,125)	-	-	-	-
Contracted and general services	1,927,525	1,737,927	-	-	-	-
Rents and financial	52,205	20,560	-	-	-	-
External transfers	-	-	-	-	(2,153,070)	(2,068,070)
Amortization	328,374	337,104	-	-	-	-
Total expenses	7,293,185	6,723,370	-	-	(2,153,070)	(2,068,070)
Net revenue (expenses)	(5,346,248)	(3,836,559)	41,449,067	39,107,429	-	-

For information regarding the Town of Georgina's 2017 Consolidated Financial Statements, contact:

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**Rob Wheater, CPA, CA
Acting Director of Corporate Services and Treasurer**