



# TOWN OF GEORGINA

## CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011



Corporation of the Town of Georgina  
26557 Civic Centre Road, Keswick, Ontario, Canada L4P 3G1  
(905) 476-4301, (905) 722-6516, (705) 437-2210  
[www.georgina.ca](http://www.georgina.ca)



Town of Georgina  
Consolidated Financial Statements  
December 31, 2011

*Adopted by Council on June 25, 2012*

**Council of the Town of Georgina**

**Mayor Robert Grossi  
Deputy Mayor Danny Wheeler  
Councillor Naomi Davison, Ward 1  
Councillor Phil Craig, Ward 2  
Councillor Dave Szollosy, Ward 3  
Councillor Ken Hackenbrook, Ward 4  
Councillor Brad Smockum, Ward 5**

**Chief Administrative Officer**

**Winanne Grant, BA, AMCT, CEMC**

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## Independent auditor's report

Grant Thornton LLP  
Suite 200  
15 Allstate Parkway  
Markham, ON  
L3R 5B4  
T +1 416 366 0100  
F +1 905 475 8906  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Members of Council, Inhabitants and Ratepayers 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 consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the 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 Town'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 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 consolidated financial position of The Corporation of the Town of Georgina as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

*Grant Thornton LLP*

Markham, Canada  
June 25, 2012

Chartered Accountants  
Licensed Public Accountants

**The Corporation of the Town of Georgina**  
**Consolidated Statement of Financial Position**  
December 31

	<u>2011</u>	<u>2010</u>
		Restated (Note 3)
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Note 6)	18,908,719	13,912,994
Taxes receivable	6,643,285	7,841,479
Water and sewer charges receivable	2,008,950	2,045,825
Accounts receivable (Note 7)	3,093,890	4,939,016
Inventory held for own use	235,380	217,024
	<u>30,890,224</u>	<u>28,956,338</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	13,200,093	9,251,903
Deferred revenue - obligatory reserve funds (Note 9)	160,984	4,914,631
Employee future benefits payable (Note 10)	2,936,581	2,669,922
Long-term debt (Note 13)	13,932,036	15,145,672
	<u>30,229,694</u>	<u>31,982,128</u>
<b>Net financial assets (debt)</b>	<u>660,530</u>	<u>(3,025,790)</u>
<b>Non-financial assets</b>		
Prepaid expenses and Deposits	899,490	79,990
Tangible capital assets (Note 14 and Schedule 1)	359,795,596	352,976,116
	<u>360,695,086</u>	<u>353,056,106</u>
<b>Accumulated surplus (Note 16)</b>	<u>361,355,616</u>	<u>350,030,316</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

	2011		2010
	Budget (unaudited)	Actual	Actual Restated (Note 3)
	\$	\$	\$
<b>Revenues</b>			
Taxation available for municipal purposes	30,855,350	<b>31,479,154</b>	30,759,623
User fees and service charges	6,053,034	<b>5,995,532</b>	5,968,835
Government grants and contributions (Note 11)	7,111,480	<b>9,361,757</b>	5,343,352
Fines, penalties and interest	1,125,500	<b>1,176,569</b>	1,155,092
Licenses and permits	841,900	<b>859,845</b>	913,438
Investment income	276,020	<b>339,352</b>	264,408
Revenue from other municipalities	471,240	<b>485,825</b>	539,743
Developer and customer contributions	120,000	<b>2,075</b>	5,707,131
Other	-	<b>106,722</b>	145,061
Developer contributions earned	4,220,220	<b>5,400,093</b>	1,931,675
Rents and concessions	130,650	<b>68,767</b>	132,151
Donations	10,000	<b>25,832</b>	34,378
<b>Total revenues</b>	<u>51,215,394</u>	<u><b>55,301,523</b></u>	<u>52,894,887</u>
<b>Expenditures</b>			
Recreation and cultural services	12,061,625	<b>12,300,436</b>	10,067,411
Protection to persons and property	7,621,576	<b>7,933,456</b>	7,378,173
Transportation services	9,043,050	<b>9,108,015</b>	8,365,980
General government	5,741,220	<b>5,669,619</b>	5,266,475
Environmental services	6,872,156	<b>7,043,746</b>	6,832,833
Planning and development services	1,756,674	<b>1,478,647</b>	1,415,307
Health services	147,725	<b>167,135</b>	159,262
Social and family services	219,088	<b>250,985</b>	163,786
<b>Total expenditures</b>	<u>43,463,114</u>	<u><b>43,952,039</b></u>	<u>39,649,227</u>
<b>Net revenues</b>	7,752,280	<b>11,349,484</b>	13,245,660
Loss on disposal of tangible capital assets	-	<b>(24,184)</b>	(1,387)
<b>Annual surplus</b>	<u>7,752,280</u>	<u><b>11,325,300</b></u>	<u>13,244,273</u>
<b>Accumulated surplus, beginning of year</b>		<u><b>350,030,316</b></u>	<u>336,786,043</u>
<b>Accumulated surplus, end of year</b>		<u><b>361,355,616</b></u>	<u>350,030,316</u>

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

	<u>2011</u>	<u>2010</u>
	\$	\$
Cash and cash equivalents provided by (used in):		
<b>Operating activities</b>		
Annual surplus	11,325,300	13,244,273
Amortization expense	10,168,575	8,819,784
Loss on disposal of tangible capital assets	24,184	1,387
Changes in non-cash item balances		
Taxes receivable	1,198,194	(832,190)
Water and sewer charges receivable	36,876	(255,912)
Accounts receivable	1,845,126	(2,969,519)
Inventory held for own use	(18,356)	(197,213)
Prepaid expenses	(819,500)	(24,876)
Accounts payable and accrued liabilities	3,948,190	237,829
Deferred revenue - obligatory reserve funds	(4,753,647)	(922,818)
Employee future benefits payable	266,659	175,708
Cash provided by operating activities	<u>23,221,601</u>	<u>17,276,453</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(17,083,402)	(20,883,237)
Proceeds on disposal of tangible capital assets	71,162	45,000
Cash provided by capital activities	<u>(17,012,240)</u>	<u>(20,838,237)</u>
<b>Financing activities</b>		
Principal repayment on long-term debt	(1,213,636)	(1,157,288)
Cash provided by financing activities	<u>(1,213,636)</u>	<u>(1,157,288)</u>
<b>Net change in cash and cash equivalents</b>	<b>4,995,725</b>	<b>(4,719,072)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>13,912,994</u>	<u>18,632,066</u>
<b>Cash and cash equivalents, end of year</b>	<u>18,908,719</u>	<u>13,912,994</u>



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

	<u>2011</u>	<u>2010</u>
	\$	Restated (Note 3) \$
<b>Annual surplus</b>	<u>11,325,300</u>	<u>13,244,273</u>
Acquisition of tangible capital assets	(17,083,401)	(20,883,237)
Proceeds on disposal of tangible capital assets	71,162	45,000
Loss on disposal of tangible capital assets	24,184	1,387
Amortization of tangible capital assets	<u>10,168,575</u>	<u>8,819,784</u>
	<u>(6,819,480)</u>	<u>(12,017,066)</u>
Changes in prepaid expenses	<u>(819,500)</u>	<u>(24,876)</u>
<b>Change in net financial assets</b>	<b>3,686,320</b>	1,202,331
<b>Net debt, beginning of year</b>	<u>(3,025,790)</u>	<u>(4,228,121)</u>
<b>Net financial assets (debt), end of year</b>	<u>660,530</u>	<u>(3,025,790)</u>

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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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") of the Canadian Institute of Chartered Accountants.

Significant accounting policies adopted by the Town are as follows:

*Reporting entity*

These consolidated financial statements reflect the financial assets, liabilities, revenues and expenditures, changes in accumulated surplus and changes in net debt 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  
Briar Hill Cemetery Board  
Cooke's Cemetery Board  
Georgina Waterworks  
Georgina Water Pollution Control

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

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

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

*Cash and cash equivalents*

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

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**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. Expenditures 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, 2011

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**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.

*Property capping provisions resulting from the Ontario Fair Assessment System*

The net decrease/increase in property taxes as a result of the application of capping provisions does not affect the consolidated statement of operations as the full amount of the property taxes were levied. However, the capping adjustment is reported on the consolidated statement of financial position as an asset/liability to be received from/paid to the Region.

*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 as 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.

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**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 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.

*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. Revenue is recognized for unconditional entitlements and grants in the period received or receivable. Revenue is recognized for conditional entitlements and grants in the period the associated expenditure is incurred. Revenue is recognized for transfers under shared cost agreements in the period the costs are

*Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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 expenditures during the reporting period. 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 and are unaudited. 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 expenditure amounts.



**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**2. Budget reconciliation**

The authority of Council is required before moneys can be spent by the Municipality. 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.

	(Unaudited)	
	Revenue	Expenses
	\$	\$
Council approved budget:		
Operating fund	39,471,734	26,653,914
Reserves and Reserve funds	-	6,229,420
	<u>39,471,734</u>	<u>32,883,334</u>
Capital budget	9,855,660	16,895,330
Capital budget carried over from previous years	2,623,000	2,623,000
	<u>12,478,660</u>	<u>19,518,330</u>
Total Council approved budget	51,950,394	52,401,664
Less: Tangible capital assets capitalized	-	(17,179,801)
Less: Proceeds from long term debt	-	-
Add: Amortization expense	-	10,168,574
	<u>-</u>	<u>10,168,574</u>
Adjusted budget per consolidated statement of operations	<u>51,950,394</u>	<u>45,390,437</u>

**3. Prior period adjustments**

The Town has restated certain non-financial assets and accumulated surplus for 2010 as a result of reviews of initial valuations of tangible capital assets that identified capital assets that had previously been expensed in the amount of \$96,398. The effect of this change is as follows:

	2010
	\$
Non-financial assets	
Tangible capital assets	
As previously reported	352,879,718
Prior period adjustment	96,398
Restated	<u>352,976,116</u>
Accumulated surplus	
As previously reported	349,933,918
Prior period adjustment	96,398
Restated	<u>350,030,316</u>

**4. Trust fund**

The Trust fund administered by the Town amounting to \$499,258 (2010 - \$479,784) 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.

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**5. Operations of school boards and the Region of York**

During 2011, 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>2011</u>	<u>2010</u>
	\$	\$
School boards	14,308,469	13,935,034
Region of York	22,902,375	22,249,848
	<u>37,210,844</u>	<u>36,184,882</u>

**6. Cash and cash equivalents**

Cash and cash equivalents are segregated as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 9)	160,984	4,914,631
Unrestricted and undesignated	18,747,735	8,998,363
	<u>18,908,719</u>	<u>13,912,994</u>

**7. Accounts receivable**

	<u>2011</u>	<u>2010</u>
	\$	\$
Government entities	2,695,582	4,337,583
Trade and other receivables	470,522	675,459
	<u>3,166,104</u>	<u>5,013,042</u>
Less: allowance for doubtful accounts	(72,214)	(74,026)
	<u>3,093,890</u>	<u>4,939,016</u>

**8. Accounts payable and accrued liabilities**

	<u>2011</u>	<u>2010</u>
	\$	\$
Trade payables and accruals	10,023,934	7,446,948
School boards	43,321	-
Region of York	1,748,139	671,821
Interest on long-term debt	172,534	190,020
Payroll	1,212,165	943,114
	<u>13,200,093</u>	<u>9,251,903</u>

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**9. Deferred revenue - obligatory reserve funds**

	<u>2011</u>	<u>2010</u>
	\$	\$
Development charge reserve funds	(931,503)	3,884,204
Subdivider contributions	102,372	100,926
Recreational land dedicated under the Planning Act	990,115	929,501
	<u>160,984</u>	<u>4,914,631</u>

Continuity of development charge reserve funds

	<u>2011</u>	<u>2010</u>
	\$	\$
Balance at the beginning of the year	4,914,631	5,837,448
Development charge collections	596,371	959,927
Investment income	50,075	48,931
Tangible capital assets acquisitions and construction	(5,400,093)	(1,931,675)
Balance at the end of the year	<u>160,984</u>	<u>4,914,631</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). 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, 2010, and updated to December 31, 2011.

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

	<u>2011</u>	<u>2010</u>
	\$	\$
Employee other future benefits	1,232,771	1,180,380
Vacation pay	1,703,810	1,489,542
	<u>2,936,581</u>	<u>2,669,922</u>

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**10. Employee future benefits payable (continued)**

Total other benefit payments to retirees during the year were \$40,307 (2010 - \$24,724). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Accrued benefits obligation	1,143,720	1,080,138
Unamortized actuarial gain	<u>89,051</u>	<u>100,242</u>
Employee future benefits payable	<u>1,232,771</u>	<u>1,180,380</u>

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

	<u>2011</u>	<u>2010</u>
	\$	\$
Balance, beginning of the year	1,180,380	1,117,742
Annual amortization of actuarial gains	(11,191)	(12,227)
Current period service cost	49,649	49,468
Interest cost	54,240	50,121
Benefits paid for the period	<u>(40,307)</u>	<u>(24,724)</u>
Balance, end of the year	<u>1,232,771</u>	<u>1,180,380</u>

Significant assumptions used are as follows:

	<u>2011</u>	<u>2010</u>
Expected average remaining service life in years	14.7	15
Employees future benefits payable as at December 31		
<i>Interest (discount) rate</i>	5%	5%
Benefits cost for the year ended December 31		
<i>Interest (discount) rate</i>	5%	5%
<i>Dental costs</i>	4%	4%
<i>Health costs</i>		
- Initial rate	8%	8%
- Rate declines to	5%	5%
- Year that the rate reaches the rate it is assumed to remain at	2017	2017

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**11. Government grants and contributions**

	<u>2011</u>	<u>2010</u>
	\$	\$
Federal	5,204,920	3,196,947
Provincial	4,156,837	2,146,405
	<u>9,361,757</u>	<u>5,343,352</u>

**12. Insurance coverage**

The Town is self insured for insurance claims up to \$10,000 for property, liability, automobile, Councillor's accident, and volunteers for any individual claim and for any number of claims arising out of a single occurrence. Claim costs during the year amounted to \$59,933 (2010 - \$30,135).

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, 2011 these reserves had an adverse balance of \$136,240 (2010 – adverse balance of \$215,440).

**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>2011</u>	<u>2010</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	13,283,036	13,878,672
Ice Palace redevelopment	5.25%	2012	649,000	1,267,000
			<u>13,932,036</u>	<u>15,145,672</u>

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

	\$
2012	1,273,332
2013	654,566
2014	685,588
2015	718,844
2016	753,439
2017 and thereafter	9,846,267
	<u>13,932,036</u>



**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
 December 31, 2011

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**13. Long-term debt (continued)**

The Town is contingently liable for the tile drainage loans as at December 31, 2011 of \$7,681 (2010 - \$32,778). As the responsibility for payment of principal and interest charges for tile drainage loans have been assumed by individuals, it is not recorded on the consolidated statement of financial position.

Interest expense on long-term debt amounted to \$702,761 (2010 - \$762,839).

Of the \$13,932,036 long-term debt (2010 - \$15,145,672) 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>2011</u>	<u>2010</u>
	\$	\$
General revenues	649,000	1,267,000
Water/Wastewater user charges	<u>13,283,036</u>	<u>13,878,672</u>
	<u>13,932,036</u>	<u>15,145,672</u>

**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 \$1,988,881 (2010 - \$11,537,302) have not been amortized. Amortization of these assets will commence when the assets are put into service.

*Contributed tangible capital assets*

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$2,075 (2010 - \$5,707,131), which includes contribution from developers in the amount of \$ nil (2010 - \$5,707,131).

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**15. Commitments, contractual obligations and contingencies**

*Commitments*

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

	\$
2012	50,710
2013	<u>16,903</u>
	<u>67,613</u>

*Contractual obligations*

The Town has the following contractual obligations at December 31, 2011:

- a) Outstanding commitments on major capital projects of approximately \$1,056,622.
- b) Commitment on a purchase of land of approximately \$1,966,170. As at December 31, 2011 the outstanding commitment was \$1,716,170 (less a \$250,000 deposit paid in fiscal 2011) which is to be financed by cash and a vendor mortgage.

*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, 2011

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**16. Accumulated surplus**

The accumulated surplus is comprised of the following:

	<u>2011</u>	<u>2010</u>
	\$	\$
<b>Reserves set aside for specific purposes by Council</b>		
Equipment replacement	2,784,733	2,700,301
Recreation and cultural programs and facilities	62,958	62,196
Working capital	985,673	694,116
Waste disposal	23,345	95,000
Health services	89,762	43,046
Roadways	150,002	175,002
Protective inspections	288,508	244,949
General government	905,561	807,213
Insurance	(136,240)	(215,440)
Planning and development	355,226	311,521
Contingencies	1,945,923	1,782,287
Parks	7,072	7,072
Libraries	-	26,607
Green initiatives	274,500	250,000
Acquisition of capital assets	10,323,282	10,204,703
Cemeteries	56,098	89,964
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	580,443	231,127
Repayment of water and sewer debentures	701,188	1,019,075
Water and sewer system capital expenditures	<u>2,407,998</u>	<u>2,234,247</u>
<b>Total reserves</b>	<u>21,906,032</u>	<u>20,862,986</u>
<b>Surpluses</b>		
Invested in tangible capital assets (Schedule 1)	359,795,596	352,976,116
Less: amount financed by long-term debt (Note 13)	(13,932,036)	(15,145,672)
Operating deficit	(3,477,395)	(5,993,192)
Employee future benefits (Note 10)	<u>(2,936,581)</u>	<u>(2,669,922)</u>
<b>Total surpluses</b>	<u>339,449,584</u>	<u>329,167,330</u>
<b>Accumulated surplus</b>	<u>361,355,616</u>	<u>350,030,316</u>

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**17. Pension agreements**

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer 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 the employees based upon the length of service and rates of pay.

Contributions in 2011 ranged from 7.4% to 14.1% (2010 - 6.4% to 13.1%) depending on the proposed retirement age and level of earnings. As a result \$1,205,372 (2010 - \$1,079,790) was contributed to OMERS for current year services.

**18. Segmented information**

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

Town services are provided by departments and their activities are reported - see Schedule 2. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and the amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

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

*Fire & emergency services*

This department is responsible for maintaining and enhancing public safety through emergency management planning, prevention and public education programs, enforcement and emergency response.

*Protective inspection and control*

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

*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.

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**18. Segmented information (continued)**

*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**  
**Tangible Capital Assets - Summary by Asset Category**  
December 31, 2011

Schedule 1

	2 0 1 1								
	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/ Betterments	Disposals / Transfers	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>General</b>									
Land	30,025,721	-	-	30,025,721	-	-	-	-	30,025,721
Building	27,977,862	7,049,531	-	35,027,393	8,399,099	944,193	-	9,343,292	25,684,101
Machinery and equipment	6,503,586	3,812,527	(186,333)	10,129,780	2,918,294	649,938	(136,880)	3,431,352	6,698,428
Vehicles	5,886,978	395,596	(260,000)	6,022,574	3,454,082	524,849	(253,323)	3,725,608	2,296,966
Information technology	1,290,908	373,080	(231,542)	1,432,446	872,612	318,728	(231,542)	959,798	472,648
Library collections	988,326	177,327	(68,349)	1,097,304	408,430	149,299	(68,349)	489,380	607,924
	<b>72,673,381</b>	<b>11,808,061</b>	<b>(746,224)</b>	<b>83,735,218</b>	<b>16,052,517</b>	<b>2,587,007</b>	<b>(690,094)</b>	<b>17,949,430</b>	<b>65,785,788</b>
<b>Infrastructure</b>									
Land	13,938,552	904,108	-	14,842,660	-	-	-	-	14,842,660
Land improvements	12,662,723	10,052,070	(72,445)	22,642,348	7,827,943	946,469	(51,531)	8,722,881	13,919,467
Transportation networks	140,489,432	2,343,968	(51,507)	142,781,893	36,833,039	4,258,502	(33,204)	41,058,337	101,723,556
Pumping stations	10,474,909	108,653	-	10,583,562	3,087,541	300,309	-	3,387,850	7,195,712
Sanitary sewer assets	82,689,262	61,711	-	82,750,973	12,766,875	924,780	-	13,691,655	69,059,318
Storm sewer assets	28,419,471	1,043,280	-	29,462,751	2,835,989	398,069	-	3,234,058	26,228,693
Water linear assets	70,351,005	406,370	-	70,757,375	10,952,415	753,439	-	11,705,854	59,051,521
	<b>359,025,354</b>	<b>14,920,160</b>	<b>(123,952)</b>	<b>373,821,562</b>	<b>74,303,802</b>	<b>7,581,568</b>	<b>(84,735)</b>	<b>81,800,635</b>	<b>292,020,927</b>
<b>Assets under construction</b>	<b>11,633,700</b>	<b>(9,644,819)</b>	<b>-</b>	<b>1,988,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,988,881</b>
<b>Total capital assets</b>	<b>443,332,435</b>	<b>17,083,402</b>	<b>(870,176)</b>	<b>459,545,661</b>	<b>90,356,319</b>	<b>10,168,575</b>	<b>(774,829)</b>	<b>99,750,065</b>	<b>359,795,596</b>

**The Corporation of the Town of Georgina**  
**Tangible Capital Assets - Summary by Asset Category**  
December 31, 2011

**Schedule 1**

	2				0				1				0							
	Cost				Accumulated Amortization				Net Book Value											
	Opening Balance	Additions/ Betterments	Disposals / Transfers	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance												
\$	\$	\$	\$	\$	\$	\$	\$	\$												
<b>General</b>																				
Land	29,975,523	50,200	(2)	30,025,721	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,025,721
Building	26,174,751	1,803,111	-	27,977,862	7,750,120	648,979	-	8,399,099	-	-	-	-	-	-	-	-	-	-	-	19,578,763
Machinery and equipment	5,954,103	669,919	(24,038)	6,599,984	2,521,648	403,056	(6,410)	2,918,294	-	-	-	-	-	-	-	-	-	-	-	3,681,690
Vehicles	5,591,966	385,952	(90,940)	5,886,978	2,987,997	537,334	(71,249)	3,454,082	-	-	-	-	-	-	-	-	-	-	-	2,432,896
Information technology	1,088,369	202,539	-	1,290,908	678,330	194,282	-	872,612	-	-	-	-	-	-	-	-	-	-	-	418,296
Library collections	852,388	178,961	(43,023)	988,326	318,969	132,484	(43,023)	408,430	-	-	-	-	-	-	-	-	-	-	-	579,896
	<u>69,637,100</u>	<u>3,290,682</u>	<u>(158,003)</u>	<u>72,769,779</u>	<u>14,257,064</u>	<u>1,916,135</u>	<u>(120,682)</u>	<u>16,052,517</u>												<u>56,717,262</u>
<b>Infrastructure</b>																				
Land	13,893,703	44,849	-	13,938,552	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,938,552
Land improvements	12,589,674	73,049	-	12,662,723	7,426,829	401,114	-	7,827,943	-	-	-	-	-	-	-	-	-	-	-	4,834,780
Transportation networks	136,485,233	4,016,287	(12,088)	140,489,432	32,760,421	4,075,640	(3,022)	36,833,039	-	-	-	-	-	-	-	-	-	-	-	103,656,393
Pumping stations	10,460,663	14,246	-	10,474,909	2,789,544	297,997	-	3,087,541	-	-	-	-	-	-	-	-	-	-	-	7,387,368
Sanitary sewer assets	81,596,136	1,093,126	-	82,689,262	11,842,957	923,918	-	12,766,875	-	-	-	-	-	-	-	-	-	-	-	69,922,387
Storm sewer assets	26,475,465	1,944,006	-	28,419,471	2,458,380	377,609	-	2,835,989	-	-	-	-	-	-	-	-	-	-	-	25,583,482
Water linear assets	69,496,600	854,405	-	70,351,005	10,125,044	827,371	-	10,952,415	-	-	-	-	-	-	-	-	-	-	-	59,398,590
	<u>350,997,474</u>	<u>8,039,968</u>	<u>(12,088)</u>	<u>359,025,354</u>	<u>67,403,175</u>	<u>6,903,649</u>	<u>(3,022)</u>	<u>74,303,802</u>												<u>284,721,552</u>
<b>Assets under construction</b>	<u>1,984,715</u>	<u>9,729,515</u>	<u>(176,928)</u>	<u>11,537,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>												<u>11,537,302</u>
<b>Total capital assets</b>	<u>422,619,289</u>	<u>21,060,165</u>	<u>(347,019)</u>	<u>443,332,435</u>	<u>81,660,239</u>	<u>8,819,784</u>	<u>(123,704)</u>	<u>90,356,319</u>												<u>352,976,116</u>

**The Corporation of the Town of Georgina**  
**Segment Disclosures**  
Year Ended December 31, 2011

**Schedule 2**

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Taxation	31,479,154	30,759,623	-	-	-	-	-	-
Grants	9,361,757	5,343,352	-	-	16,991	8,570	32,066	23,100
User fees and service charges	5,995,531	5,968,835	24,391	34,129	102,518	126,896	355,924	400,891
Licenses, permits and rent	928,613	1,045,589	19,686	85,112	824,965	878,685	-	-
Fine, penalties and interest	1,176,568	1,155,092	-	-	162,013	142,472	-	-
Other	6,359,900	8,622,396	550,000	-	219,340	319,548	1,095	19,181
<b>Total revenues</b>	<b>55,301,523</b>	<b>52,894,887</b>	<b>594,077</b>	<b>119,241</b>	<b>1,325,827</b>	<b>1,476,171</b>	<b>389,085</b>	<b>443,172</b>
<b>Expenditures</b>								
Salaries and wages	20,884,627	19,569,143	4,664,750	4,359,437	1,863,724	1,752,262	2,639,960	2,434,276
Interest on long-term debt	702,761	788,714	-	-	-	-	-	-
Materials, good and supplies	3,274,967	2,796,814	240,417	204,110	114,467	115,105	1,188,196	798,883
Contracted and general services	7,879,119	7,289,719	270,819	270,082	404,429	390,016	619,360	703,219
Rents and financial	541,388	152,622	-	14,023	1,462	1,513	-	-
External transfers	233,943	232,431	500	500	2,000	2,000	50,000	50,000
Amortization	10,168,573	8,819,784	322,779	-	-	269,125	4,555,270	4,379,602
Other	266,661	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>43,952,039</b>	<b>39,649,227</b>	<b>5,499,265</b>	<b>4,848,152</b>	<b>2,386,082</b>	<b>2,530,021</b>	<b>9,052,786</b>	<b>8,365,980</b>
<b>Net revenues</b>	<b>11,349,484</b>	<b>13,245,660</b>	<b>(4,905,188)</b>	<b>(4,728,911)</b>	<b>(1,060,255)</b>	<b>(1,053,850)</b>	<b>(8,663,701)</b>	<b>(7,922,808)</b>

The Corporation of the Town of Georgina  
**Segment Disclosures**  
Year Ended December 31, 2011

Schedule 2

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Taxation	-	-	-	-	-	-	-	-
Grants	711,950	-	7,050,646	3,762,280	1,706,485	1,608,920	1,216	19,866
User fees and service charges	2,965,188	2,799,745	1,998,052	2,250,512	69,475	76,976	203,765	127,972
Licenses, permits and rent	-	-	23,529	38,115	-	-	-	-
Fine, penalties and interest	-	(600)	-	-	25,549	26,058	-	-
Other	(296,721)	2,067,995	5,518,067	244,279	6,150	7,479	-	2,380
<b>Total revenues</b>	<b>3,380,417</b>	<b>4,867,140</b>	<b>14,590,294</b>	<b>6,295,186</b>	<b>1,807,659</b>	<b>1,719,433</b>	<b>204,981</b>	<b>150,218</b>
<b>Expenditures</b>								
Salaries and wages	1,068,217	1,032,946	5,051,029	4,314,725	1,212,119	1,136,260	1,133,000	1,058,857
Interest on long-term debt	645,550	701,454	57,211	87,260	-	-	-	-
Materials, good and supplies	405,109	440,281	1,181,491	857,254	93,703	266,654	23,302	14,777
Contracted and general services	2,278,904	2,075,955	2,356,478	1,958,373	210,214	291,319	250,738	306,365
Rents and financial	108,857	35,411	39,087	33,828	1,927	1,982	-	-
External transfers	7,000	7,000	1,759,157	1,661,015	-	-	54,686	35,308
Amortization	2,487,396	2,539,786	2,129,487	1,159,856	188,786	168,273	7,956	-
Other	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>7,001,033</b>	<b>6,832,833</b>	<b>12,573,940</b>	<b>10,072,311</b>	<b>1,706,749</b>	<b>1,864,488</b>	<b>1,469,682</b>	<b>1,415,307</b>
<b>Annual surplus (deficit)</b>	<b>(3,620,616)</b>	<b>(1,965,693)</b>	<b>2,016,354</b>	<b>(3,777,125)</b>	<b>100,910</b>	<b>(145,055)</b>	<b>(1,264,701)</b>	<b>(1,265,089)</b>

The Corporation of the Town of Georgina  
**Segment Disclosures**  
Year Ended December 31, 2011

Schedule 2

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Taxation	-	-	31,479,154	30,759,623	-	-
Grants	1,481,803	1,466,956	-	-	(1,639,400)	(1,546,340)
User fees and service charges	276,218	151,714	-	-	-	-
Licenses, permits and rent	60,433	43,677	-	-	-	-
Fine, penalties and interest	989,006	987,162	-	-	-	-
Other	361,969	5,961,534	-	-	-	-
<b>Total revenues</b>	<b>3,169,429</b>	<b>8,611,043</b>	<b>31,479,154</b>	<b>30,759,623</b>	<b>(1,639,400)</b>	<b>(1,546,340)</b>
<b>Expenditures</b>						
Salaries and wages	3,251,828	3,480,380	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	28,282	99,750	-	-	-	-
Contracted and general services	1,488,177	1,294,390	-	-	-	-
Rents and financial	390,055	65,865	-	-	-	-
External transfers	-	22,948	-	-	(1,639,400)	(1,546,340)
Amortization	476,899	303,142	-	-	-	-
Other	266,661	-	-	-	-	-
<b>Total expenditures</b>	<b>5,901,902</b>	<b>5,266,475</b>	<b>-</b>	<b>-</b>	<b>(1,639,400)</b>	<b>(1,546,340)</b>
<b>Annual surplus (deficit)</b>	<b>(2,732,473)</b>	<b>3,344,568</b>	<b>31,479,154</b>	<b>30,759,623</b>	<b>-</b>	<b>-</b>

**For information regarding the Town of Georgina's 2011 Consolidated Financial Statements, contact:**

**Darlene Carson-Hildebrand, A.M.C.T.  
Manager of Finance and Deputy Treasurer  
Administrative Services Department  
(905) 476-4301, (905) 722-6516, (705) 437-2210, ext.203**

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

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