



**TOWN OF
GEORGINA**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

CORPORATION OF THE TOWN OF GEORGINA

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KESWICK, ONTARIO, CANADA
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Town of Georgina

Consolidated Financial Statements

December 31, 2012

Adopted by Council on June 24, 2013

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

**The Corporation of the
Town of Georgina**
Consolidated Financial Statements
For the year ended December 31, 2012

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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 financial statements of **The Corporation of the Town of Georgina** which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of operations and accumulated surplus, consolidated statement of cash flows and consolidated statement of changes in net financial assets for the year then ended December 31, 2012, 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, 2012 and the results of its operations, changes in net assets, and its cash flows for the year then in accordance with Canadian public sector accounting standards.



Other Matters

The consolidated financial statements of The Corporation of the Town of Georgina for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on June 25, 2012. As part of our audit of the 2012 consolidated financial statements we also audited the adjustments described in Note 2 that were applied to amend the 2011 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2011 consolidated financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2011 consolidated financial statements taken as a whole.

BDO Canada LP

Chartered Accountants, Licensed Public Accountants

June 24, 2013
Newmarket, Ontario

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

December 31

	<u>2012</u>	<u>2011</u>
		(restated - see Note 2)
	\$	\$
Financial assets		
Cash and cash equivalents (Note 6)	24,757,335	18,908,719
Taxes receivable	5,684,377	6,643,285
Water and sewer charges receivable	2,101,943	2,008,950
Accounts receivable (Note 7)	1,886,648	3,093,890
	<u>34,430,303</u>	<u>30,654,845</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	11,804,700	13,200,093
Deferred revenue - obligatory reserve funds (Note 9)	3,245,227	2,115,147
Employee future benefits payable (Note 10)	2,630,639	2,936,581
Long-term debt (Note 13)	14,108,734	13,932,036
	<u>31,789,300</u>	<u>32,183,857</u>
Net Financial Assets	<u>2,641,003</u>	<u>(1,529,012)</u>
Non-financial assets		
Inventory held for own use	254,452	235,380
Prepaid expenses and deposits	790,414	899,490
Tangible capital assets (Note 14 and Schedule 1)	353,407,244	359,261,318
	<u>354,452,110</u>	<u>360,396,188</u>
Accumulated surplus (Note 16)	<u>357,093,113</u>	<u>358,867,176</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

	2012		2011
	Budget	Actual	Actual (restated - see Note 2)
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	32,627,880	32,780,116	31,479,154
User fees and service charges	6,562,870	6,446,038	5,995,532
Government grants and contributions (Note 11)	1,463,650	777,877	8,828,158
Fines, penalties and interest	1,323,200	1,121,241	1,176,569
Licenses and permits	840,200	679,076	859,845
Investment income	276,020	345,551	320,430
Revenue from other municipalities	771,540	941,746	485,825
Developer and customer contributions	-	171,058	2,075
Other	-	104,779	106,722
Developer contributions earned	995,000	995,000	5,400,093
Rents and concessions	119,500	90,938	68,767
Donations	27,800	37,436	25,832
Total revenues	<u>45,007,660</u>	<u>44,490,856</u>	<u>54,749,002</u>
Expenses			
Recreation and cultural services	12,288,733	12,707,570	12,300,436
Protection to persons and property	7,953,921	8,062,607	7,933,456
Transportation services	9,406,786	10,037,654	9,642,293
General government	5,007,231	5,037,956	5,669,619
Environmental services	7,168,986	6,890,045	7,043,746
Planning and development services	2,406,551	2,340,707	1,478,647
Health services	21,800	92,675	167,135
Social and family services	196,870	240,322	250,985
Total expenses	<u>44,450,878</u>	<u>45,409,536</u>	<u>44,486,317</u>
Net revenues (expenses)	556,782	(918,680)	10,262,685
Loss on disposal of tangible capital assets	-	(855,383)	(24,184)
Annual surplus (deficit)	<u>556,782</u>	<u>(1,774,063)</u>	10,238,501
Accumulated surplus, beginning of year, as previously stated		358,867,176	350,030,316
Prior period adjustment (Note 2)		-	(1,401,641)
Accumulated surplus, beginning of year, Restated		358,867,176	348,628,675
Accumulated surplus, end of year		<u>357,093,113</u>	<u>358,867,176</u>

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

	<u>2012</u>	<u>2011</u>
	\$	(restated - see Note 2) \$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus (deficit)	(1,774,063)	10,238,501
Amortization expense	10,224,588	10,168,575
Loss on disposal of tangible capital assets	855,383	24,184
Changes in non-cash item balances		
Taxes receivable	958,908	1,198,194
Water and sewer charges receivable	(92,992)	36,876
Accounts receivable	1,207,242	1,845,126
Inventory held for own use	(19,072)	(18,356)
Prepaid expenses	109,076	(819,500)
Accounts payable and accrued liabilities	(1,395,394)	3,948,190
Deferred revenue - obligatory reserve funds	1,130,080	(4,201,126)
Employee future benefits payable	(305,942)	266,659
Cash provided by operating activities	<u>10,897,814</u>	<u>22,687,323</u>
Capital activities		
Acquisition of tangible capital assets	(5,381,868)	(16,549,124)
Proceeds on disposal of tangible capital assets	155,971	71,162
Cash provided by capital activities	<u>(5,225,897)</u>	<u>(16,477,962)</u>
Financing activities		
Principal repayment on long-term debt	(1,273,302)	(1,213,636)
Mortgage payable	1,450,000	-
Cash provided by financing activities	<u>176,698</u>	<u>(1,213,636)</u>
Net change in cash and cash equivalents	5,848,615	4,995,725
Cash and cash equivalents, beginning of year	<u>18,908,719</u>	<u>13,912,994</u>
Cash and cash equivalents, end of year	<u>24,757,335</u>	<u>18,908,719</u>

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

	<u>2012</u>	<u>2012</u>	<u>2011</u>
	Budget		(restated - see Note 2)
	\$	\$	\$
Annual surplus (deficit)	<u>556,782</u>	<u>(1,774,063)</u>	<u>10,238,501</u>
Acquisition of tangible capital assets	(6,939,400)	(5,381,868)	(16,549,124)
Proceeds on disposal of tangible capital assets	-	155,971	71,162
Loss on disposal of tangible capital assets	-	855,383	24,184
Amortization of tangible capital assets	10,224,588	10,224,588	10,168,575
	<u>3,285,188</u>	<u>5,854,074</u>	<u>(6,285,203)</u>
Changes in inventory held for use	-	(19,072)	(18,356)
Changes in prepaid expenses	-	109,076	(819,500)
	<u>-</u>	<u>90,004</u>	<u>(837,856)</u>
Change in net financial assets	3,841,970	4,170,015	3,115,442
Net debt, beginning of year	<u>(1,529,012)</u>	<u>(1,529,012)</u>	<u>(4,644,454)</u>
Net financial assets (debt), end of year	<u>2,312,958</u>	<u>2,641,003</u>	<u>(1,529,012)</u>

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2012

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 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
- Briar Hill Cemetery Board
- Cooke's Cemetery Board
- Keswick Cemetery Board

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

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

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

Cash and cash equivalents

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

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, 2012

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 Municipality 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 Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality 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, 2012

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 recognized as revenue in the year they are levied.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

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

Investment income

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

Government transfers

Government transfers include entitlements, transfers under shared cost agreements, and grants. 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 expense is incurred. Revenue is recognized for transfers under shared cost agreements in the period the costs are incurred.

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 principle estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from these estimates.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

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.

2. Prior period adjustment

Management has restated the consolidated financial statements for the comparative year to reclassify the gas tax from accumulated surplus to deferred revenue and expense items that were previously capitalized. The impact of these restatements is as follows:

	2011
Statement of Financial Position	
Increase in deferred revenue	\$1,954,163
Decrease in tangible capital assets	<u>(534,278)</u>
Decrease in accumulated surplus, December 31, 2011	<u>\$ 2,488,441</u>
Statement of Operations	
Decrease in revenue	
Government grants and contributions	(533,599)
Investment income	(18,923)
Total decrease in revenue	(552,522)
(Increase) in expenses	
Transportation services	<u>(534,278)</u>
Decrease in annual surplus, December 31, 2011	<u>\$ (1,086,800)</u>
Decrease in opening surplus, January 1, 2011	<u>\$ (1,401,641)</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

3. Budget reconciliation

The authority of Council is required before monies 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.

	<u>Revenue</u>	<u>Expenses</u>
	\$	\$
Council approved budget:		
Operating fund	43,078,710	52,795,810
Capital budget	1,296,000	8,588,070
Capital budget carried over from previous years	632,950	-
Total Council approved budget	<u>45,007,660</u>	<u>61,383,880</u>
Less: Consolidation adjustments		(15,245,540)
Less: PSAB adjustments		(2,907,110)
Less: Tangible capital assets capitalized	-	(7,729,300)
Less: Proceeds from long term debt		(1,275,640)
Add: Amortization expense	-	<u>10,224,588</u>
Adjusted budget per consolidated statement of operations	<u>45,007,660</u>	<u>44,450,878</u>

4. Trust fund

The Trust fund administered by the Town amounting to \$539,257 (2011 - \$499,258) 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, 2012

5. Operations of school boards and the Region of York

During 2012, 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>2012</u>	<u>2011</u>
	\$	\$
School boards	14,374,110	14,308,469
Region of York	<u>23,577,215</u>	<u>22,902,375</u>
	<u>37,951,325</u>	<u>37,210,844</u>

6. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 9)	412,774	160,984
Unrestricted and undesignated	<u>24,344,561</u>	<u>18,747,735</u>
	<u>24,757,335</u>	<u>18,908,719</u>

7. Accounts receivable

	<u>2012</u>	<u>2011</u>
	\$	\$
Government entities	1,495,003	2,695,582
Trade and other receivables	<u>487,177</u>	<u>470,522</u>
	1,982,180	3,166,104
Less: allowance for doubtful accounts	<u>(95,532)</u>	<u>(72,214)</u>
	<u>1,886,648</u>	<u>3,093,890</u>

8. Accounts payable and accrued liabilities

	<u>2012</u>	<u>2011</u>
	\$	\$
Trade payables and accruals	7,455,481	10,023,934
School boards	28,516	43,321
Region of York	2,553,965	1,748,139
Interest on long-term debt	155,173	172,534
Payroll	<u>1,611,565</u>	<u>1,212,165</u>
	<u>11,804,700</u>	<u>13,200,093</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

9. Deferred revenue - obligatory reserve funds

	<u>2012</u>	<u>2011</u>
	\$	\$
Development charge reserve funds	16,890	(931,503)
Subdivider contributions	103,366	102,372
Recreational land dedicated under the Planning Act	292,518	990,115
Gas tax grant	<u>2,832,453</u>	<u>1,954,163</u>
	<u>3,245,227</u>	<u>2,115,147</u>
Continuity of obligatory reserve funds	<u>2012</u>	<u>2011</u>
	\$	\$
Balance at the beginning of the year	2,115,147	6,316,272
Development charge collections	1,238,251	596,371
Gas tax grant	1,298,964	1,298,964
Investment income	47,559	68,998
Tangible capital assets acquisitions and construction	<u>(1,454,694)</u>	<u>(6,165,458)</u>
Balance at the end of the year	<u>3,245,227</u>	<u>2,115,147</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, 2012.

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

	<u>2012</u>	<u>2011</u>
	\$	\$
Employee other future benefits	1,264,273	1,232,771
Vacation pay	<u>1,366,366</u>	<u>1,703,810</u>
	<u>2,630,639</u>	<u>2,936,581</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

10. Employee future benefits payable (continued)

Total other benefit payments to retirees during the year were \$66,271(2011 - \$40,307). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Accrued benefits obligation	1,186,413	1,143,720
Unamortized actuarial gain	<u>77,860</u>	<u>89,051</u>
Employee future benefits payable	<u>1,264,273</u>	<u>1,232,771</u>

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

	<u>2012</u>	<u>2011</u>
	\$	\$
Balance, beginning of the year	1,232,771	1,180,380
Annual amortization of actuarial gains	(11,191)	(11,191)
Current period service cost	52,131	49,649
Interest cost	56,833	54,240
Benefits paid for the period	<u>(66,271)</u>	<u>(40,307)</u>
Balance, end of the year	<u>1,264,273</u>	<u>1,232,771</u>

Significant assumptions used are as follows:

	<u>2012</u>	<u>2011</u>
Expected average remaining service life in years	14.7	14.7
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, 2012

11. Government grants and contributions

	<u>2012</u>	<u>2011</u>
	\$	\$
Federal	508,332	4,671,321
Provincial	<u>269,545</u>	<u>4,156,837</u>
	<u>777,877</u>	<u>8,828,158</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 \$58,418 (2011 - \$59,933).

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, 2012 these reserves had an adverse balance of \$57,040 (2011 – adverse balance of \$136,240).

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>2012</u>	<u>2011</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	12,658,734	13,283,036
Ice Palace redevelopment	5.25%	2012	-	649,000
Mortgage payable	0.00%	2018	<u>1,450,000</u>	-
			<u>14,108,734</u>	<u>13,932,036</u>

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

	\$
2013	901,588
2014	938,597
2015	968,844
2016	1,003,439
2017	1,039,698
2018 and thereafter	<u>9,256,568</u>
	<u>14,108,734</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

13. Long-term debt (continued)

The Town is contingently liable for the tile drainage loans as at December 31, 2012 of \$5,315 (2011 - \$7,681). 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 \$641,275 (2011 - \$702,761). Interest paid during the year is \$658,478.

Of the \$14,108,734 long-term debt (2011 - \$13,932,036) 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>2012</u>	<u>2011</u>
	\$	\$
General revenues	-	649,000
Water/Wastewater user charges	<u>12,658,734</u>	<u>13,283,036</u>
	<u>12,658,734</u>	<u>13,932,036</u>

In 2012, 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 \$1,450,000 is reported on the consolidated statement of financial position.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

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 \$21,555 (2011 - \$1,988,881) 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 \$171,058 (2011 - \$2,075), which includes contribution from developers in the amount of \$ nil (2011 - \$ nil).

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

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:

	\$
2013	18,543
2014	<u>1,640</u>
	<u>20,183</u>

Contractual obligations

The Town has the following contractual obligations at December 31, 2012:

- a) Commitment on a purchase of land of approximately \$1,315,000. As at December 31, 2012 the outstanding commitment was \$815,000 (less a \$500,000 deposit paid in fiscal 2012) which is to be financed by cash and a vendor mortgage.
- b) The Town also entered into a multiple-year contract for delivery of services with respect to waste collection. The total purchase commitment from such contract amounted to approximately \$1,368,363 of which expenses of approximately \$95,000 were outstanding as at December 31, 2012.

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, 2012

16. Accumulated surplus

The accumulated surplus is comprised of the following:

	<u>2012</u>	<u>2011</u>
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	3,837,990	2,784,733
Recreation and cultural programs and facilities	74,719	62,958
Working capital	905,273	985,673
Waste disposal	23,345	23,345
Health services	78,761	89,762
Roadways	150,002	150,002
Protective inspections	232,336	288,508
General government	904,020	905,561
Insurance	(57,040)	(136,240)
Planning and development	355,226	355,226
Contingencies	1,807,263	1,945,923
Parks	7,072	7,072
Libraries	40,390	-
Green initiatives	332,840	274,500
Acquisition of capital assets	8,503,464	8,369,120
Cemeteries	62,898	56,098
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	22,894	580,443
Repayment of water and sewer debentures	1,229,239	701,188
Water and sewer system capital expenditures	2,816,391	2,407,998
Allocation fees	42,000	-
Total reserves	<u>21,469,085</u>	<u>19,951,870</u>
Surpluses		
Invested in tangible capital assets (Schedule 1)	353,407,244	359,261,318
Less: amount financed by long-term debt (Note 13)	(14,108,734)	(13,932,036)
Operating deficit	(1,043,843)	(3,477,395)
Employee future benefits (Note 10)	(2,630,639)	(2,936,581)
Total surpluses	<u>335,624,028</u>	<u>338,915,306</u>
Accumulated surplus	<u>357,093,113</u>	<u>358,867,176</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

17. Pension agreements

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 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, 2012. The results of this valuation disclosed total actuarial liabilities of \$69,122 million in respect of benefits accrued for service with actuarial assets at that date of \$59,198 million indicating an actuarial deficit of \$9,924 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 2012 ranged from 8.3% to 13.9% (2011 - 7.4% to 14.1%) depending on the proposed retirement age and level of earnings. As a result \$1,378,064 (2011 - \$1,205,372) 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.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2012

18. 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
Tangible Capital Assets - Summary by Asset Category
 December 31, 2012

Schedule 1

	2 0 1 2				2 0 1 2				Net Book Value
	Cost				Accumulated Amortization				
	Opening Balance	Additions/Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	30,025,721	1,989,932	(134,500)	31,881,153	-	-	-	-	31,881,153
Building	35,027,393	656,802	(346,540)	35,337,655	9,343,292	951,601	(146,703)	10,148,190	25,189,465
Machinery and equipment	10,129,780	684,090	(279,508)	10,534,362	3,431,352	580,078	(183,840)	3,827,590	6,706,772
Vehicles	6,022,574	616,934	(244,645)	6,394,863	3,725,608	589,206	(234,670)	4,080,144	2,314,719
Information technology	1,432,446	189,001	(358,571)	1,262,876	959,798	227,464	(358,571)	828,691	434,185
Library collections	1,097,304	174,487	(82,160)	1,189,631	489,380	164,395	(82,160)	571,615	618,016
	83,735,218	4,311,246	(1,445,924)	86,600,540	17,949,430	2,512,744	(1,005,944)	19,456,230	67,144,310
Infrastructure									
Land	14,842,660			14,842,660	-	-	-	-	14,842,660
Land improvements	22,642,348	445,134	(58,536)	23,028,946	8,722,881	958,735	(57,090)	9,624,526	13,404,420
Transportation networks	142,781,893	1,862,814	(9,070)	144,635,637	41,058,337	4,312,425	(8,526)	45,362,236	99,273,401
Pumping stations	10,583,562		(815,000)	9,768,562	3,387,850	279,841	(245,616)	3,422,075	6,346,487
Sanitary sewer assets	82,750,973	35,783		82,786,756	13,691,655	925,014		14,616,669	68,170,087
Storm sewer assets	29,462,751	132,264		29,595,015	3,234,058	399,480		3,633,538	25,961,477
Water linear assets	70,757,375	27,675		70,785,050	11,705,854	836,349		12,542,203	58,242,847
	373,821,562	2,503,670	(882,606)	375,442,626	81,800,635	7,711,844	(311,232)	89,201,247	286,241,379
Assets under construction	1,454,603	(1,433,048)		21,555	-	-	-	-	21,555
Total capital assets	459,011,383	5,381,868	(2,328,530)	462,064,721	99,750,065	10,224,588	(1,317,176)	108,657,477	353,407,244

The Corporation of the Town of Georgina
Tangible Capital Assets - Summary by Asset Category
 December 31, 2012

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					
\$	\$	\$	\$	\$	\$	\$	\$	\$					
General													
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				
	<u>72,673,381</u>	<u>11,808,061</u>	<u>(746,224)</u>	<u>83,735,218</u>	<u>16,052,517</u>	<u>2,587,007</u>	<u>(690,094)</u>	<u>17,949,430</u>	<u>65,785,788</u>				
Infrastructure													
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				
	<u>359,025,354</u>	<u>14,920,160</u>	<u>(123,952)</u>	<u>373,821,562</u>	<u>74,303,802</u>	<u>7,581,568</u>	<u>(84,735)</u>	<u>81,800,635</u>	<u>292,020,927</u>				
Assets under construction	<u>11,633,700</u>	<u>(10,179,097)</u>	<u>-</u>	<u>1,454,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,454,603</u>				
Total capital assets	<u>443,332,435</u>	<u>16,549,124</u>	<u>(870,176)</u>	<u>459,011,383</u>	<u>90,356,319</u>	<u>10,168,575</u>	<u>(774,829)</u>	<u>99,750,065</u>	<u>359,261,318</u>				

The Corporation of the Town of Georgina
Segment Disclosures

Year Ended December 31, 2012

Schedule 2

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	32,780,116	31,479,154	-	-	-	-	-	-
Grants	777,877	8,828,158	-	-	8,495	16,991	3,915	32,066
User fees and service charges	6,446,039	5,995,531	21,080	24,391	80,080	102,518	409,760	355,924
Licenses, permits and rent	770,014	928,613	-	19,686	645,875	824,965	-	-
Fine, penalties and interest	1,082,221	1,157,646	-	-	165,428	162,013	-	-
Other	2,634,590	6,359,900	-	550,000	251,735	219,340	109,744	1,095
Total revenues	44,490,856	54,749,002	21,080	594,077	1,151,612	1,325,827	523,419	389,085
Expenses								
Salaries and wages	22,033,809	20,884,627	4,861,130	4,664,750	1,904,285	1,863,724	2,674,910	2,639,960
Interest on long-term debt	641,275	702,761	-	-	-	-	-	-
Materials, good and supplies	2,661,028	3,809,245	209,194	240,417	117,642	114,467	569,732	1,722,474
Contracted and general services	9,463,380	7,879,119	265,152	270,819	382,445	404,429	2,134,936	619,360
Rents and financial	171,446	541,388	-	-	1,045	1,462	-	-
External transfers	214,010	233,943	500	500	643	2,000	68,000	50,000
Amortization	10,224,588	10,168,573	320,571	322,779	-	-	4,590,076	4,555,270
Other	-	266,661	-	-	-	-	-	-
Total expenses	45,409,536	44,486,317	5,656,547	5,499,265	2,406,060	2,386,082	10,037,654	9,587,064
Net revenues (expenses)	(918,680)	10,262,685	(5,635,467)	(4,905,188)	(1,254,448)	(1,060,255)	(9,514,235)	(9,197,979)

The Corporation of the Town of Georgina

Segment Disclosures

Year Ended December 31, 2012

Schedule 2

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	-	-
Grants	-	711,950	46,640	7,050,646	1,785,064	1,706,485	30,652	1,216
User fees and service charges	3,060,382	2,965,188	2,377,026	1,998,052	61,387	69,475	230,358	203,765
Licenses, permits and rent	-	-	90,938	23,529	-	-	-	-
Fine, penalties and interest	-	-	-	-	29,004	25,549	-	-
Other	308,314	(296,721)	1,114,176	5,518,067	6,279	6,150	297,806	-
Total revenues	3,368,696	3,380,417	3,628,780	14,590,294	1,881,734	1,807,659	558,816	204,981
Expenses								
Salaries and wages	1,033,086	1,068,217	5,687,061	5,051,029	1,268,233	1,212,119	1,272,165	1,133,000
Interest on long-term debt	616,383	645,550	24,892	57,211	-	-	-	-
Materials, good and supplies	265,207	405,109	1,378,066	1,181,491	87,129	93,703	18,727	23,302
Contracted and general services	2,386,347	2,278,904	1,872,810	2,356,478	240,896	210,214	985,322	250,738
Rents and financial	20,266	108,857	28,613	39,087	1,379	1,927	-	-
External transfers	7,000	7,000	1,820,635	1,759,157	-	-	39,712	54,686
Amortization	2,561,756	2,487,396	2,152,031	2,129,487	201,302	188,786	24,781	7,956
Other	-	-	-	-	-	-	-	-
Total expenses	6,890,045	7,001,033	12,964,108	12,573,940	1,798,939	1,706,749	2,340,707	1,469,682
Net revenues (expenses)	(3,521,349)	(3,620,616)	(9,335,328)	2,016,354	82,795	100,910	(1,781,891)	(1,264,701)

The Corporation of the Town of Georgina
Segment Disclosures
Year Ended December 31, 2012

Schedule 2

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation	-	-	32,780,116	31,479,154	-	-
Grants	625,592	948,204	-	-	(1,722,480)	(1,639,400)
User fees and service charges	205,966	276,218	-	-	-	-
Licenses, permits and rent	33,200	60,433	-	-	-	-
Fine, penalties and interest	887,790	970,084	-	-	-	-
Other	546,536	361,969	-	-	-	-
Total revenues	2,299,083	2,616,908	32,780,116	31,479,154	(1,722,480)	(1,639,400)
Expenses						
Salaries and wages	3,332,939	3,251,828	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	15,331	28,282	-	-	-	-
Contracted and general services	1,195,472	1,488,177	-	-	-	-
Rents and financial	120,143	390,055	-	-	-	-
External transfers	-	-	-	-	(1,722,480)	(1,639,400)
Amortization	374,071	476,899	-	-	-	-
Other	-	266,661	-	-	-	-
Total expenses	5,037,956	5,901,902	-	-	(1,722,480)	(1,639,400)
Net revenue (expenses)	(2,738,873)	(3,284,994)	32,780,116	31,479,154	-	-

For information regarding the Town of Georgina's 2012 Consolidated Financial Statements, contact:

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

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