

The Corporation of the
Town of Georgina
Consolidated Financial Statements
Year ended December 31, 2018

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Georgina (the Town), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2018, and consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with *Canadian public sector accounting standards*, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and



obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2019
Newmarket, Ontario

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

December 31

	<u>2018</u>	<u>2017</u>
		Note 2 (Restated)
	\$	\$
Financial assets		
Cash and cash equivalents (Note 6)	24,386,678	50,174,628
Portfolio investments (Note 7)	25,359,614	-
Taxes receivable (Note 8)	6,184,930	5,790,096
Water and sewer charges receivable	2,986,953	2,753,856
Accounts receivable (Note 9)	3,665,835	4,553,665
	<u>62,584,010</u>	<u>63,272,245</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	11,782,508	16,239,870
Deferred revenue - obligatory reserve funds (Note 11)	12,839,951	12,079,233
Employee future benefits payable (Note 12)	4,046,840	4,053,520
Long-term debt (Note 15)	10,000,143	11,154,631
Deferred revenue	8,969,860	8,091,885
	<u>47,639,302</u>	<u>51,619,139</u>
Net Financial Assets	<u>14,944,708</u>	<u>11,653,106</u>
Non-financial assets		
Inventory held for own use	318,703	330,580
Prepaid expenses and deposits	969,442	926,834
Tangible capital assets (Note 16 and Schedule 1)	347,765,091	348,309,486
	<u>349,053,236</u>	<u>349,566,900</u>
Accumulated surplus (Note 18)	<u>363,997,944</u>	<u>361,220,006</u>

Contractual obligations and contingencies (Note 17)

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

	2018		2017
	Budget (Note 3)	Actual	Actual Note 2 (Restated)
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	42,708,760	43,104,698	41,449,067
User fees and service charges	16,778,830	10,042,977	9,663,262
Government grants and contributions (Note 13)	1,252,330	2,611,972	2,405,380
Fines, penalties and interest	992,100	1,115,232	1,034,572
Licenses and permits	1,552,000	923,817	1,157,696
Investment income	750,840	773,723	492,236
Revenue from other municipalities	786,000	772,303	644,380
Other	-	86,287	85,329
Federal Gas Tax earned	1,899,550	1,348,761	1,002,425
Developer contributions earned	316,700	156,880	362,594
Rents and concessions	245,380	241,566	211,463
Proceeds from insurance	-	191,484	135,000
Contributed tangible capital assets	33,800	2,500,730	86,188
Total revenues	<u>67,316,290</u>	<u>63,870,430</u>	<u>58,729,592</u>
Expenses			
Recreation and cultural services	17,865,630	18,100,625	16,845,580
Protection to persons and property	11,425,520	11,710,784	10,877,163
Transportation services	11,802,660	11,932,872	11,483,195
General government	8,086,860	8,061,044	7,293,185
Environmental services	9,115,450	8,852,655	7,636,932
Planning and development services	2,265,790	1,994,845	1,835,682
Health services	50,960	40,742	44,408
Social and family services	344,600	303,451	331,215
Total expenses	<u>60,957,470</u>	<u>60,997,018</u>	<u>56,347,359</u>
Net revenues	6,358,820	2,873,412	2,382,233
Loss on disposal of tangible capital assets	-	(95,474)	(71,751)
Annual surplus	6,358,820	\$ 2,777,938	\$ 2,310,482
Accumulated surplus, beginning of year as previously reported			358,190,191
Prior period adjustment (Note 2)			<u>719,333</u>
Accumulated surplus, beginning of year, restated		<u>361,220,006</u>	<u>358,909,524</u>
Accumulated surplus, end of year		<u>363,997,944</u>	<u>361,220,006</u>

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

	<u>2018</u>	<u>2017</u>
		Note 2 (Restated)
	\$	\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus	2,777,938	2,310,482
Amortization expense	12,108,569	11,704,122
Loss on disposal of tangible capital assets	95,474	71,751
Changes in non-cash item balances		
Taxes receivable	(394,834)	(903,261)
Water and sewer charges receivable	(233,097)	(323,779)
Accounts receivable	887,830	(2,161,228)
Inventory held for own use	11,877	(66,206)
Prepaid expenses and deposits	(42,608)	152,633
Accounts payable and accrued liabilities	(4,457,362)	5,896,911
Deferred revenue - obligatory reserve funds	760,718	851,490
Deferred revenue	877,975	(896,185)
Employee future benefits payable	(6,680)	(7,327)
Cash provided by operating activities	<u>12,385,800</u>	<u>16,629,403</u>
Capital activities		
Acquisition of tangible capital assets	(11,786,816)	(13,797,747)
Proceeds from sale of tangible capital assets	127,168	114,571
Cash provided by capital activities	<u>(11,659,648)</u>	<u>(13,683,176)</u>
Investing activities		
Acquisition of portfolio investments	<u>(25,359,614)</u>	-
Financing activities		
Principal repayment on long-term debt	(954,488)	(897,048)
Mortgage payable and tile drainage loan	(200,000)	(250,000)
Issuance of long-term debt	-	-
Cash provided by financing activities	<u>(1,154,488)</u>	<u>(1,147,048)</u>
Net change in cash and cash equivalents	(25,787,950)	1,799,179
Cash and cash equivalents, beginning of year	<u>50,174,628</u>	<u>48,375,449</u>
Cash and cash equivalents, end of year	<u>24,386,678</u>	<u>50,174,628</u>

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

	<u>2018</u>	<u>2018</u>	<u>2017</u>
	Budget (Note 3)	Actual	Note 2 (Restated)
	\$	\$	\$
Annual surplus	<u>6,358,820</u>	<u>2,777,938</u>	<u>2,310,482</u>
Acquisition of tangible capital assets	(17,365,310)	(11,786,816)	(13,797,747)
Loss on disposal of tangible capital assets	-	95,474	71,751
Amortization of tangible capital assets	12,108,569	12,108,569	11,704,122
Proceeds on sale of tangible capital assets	-	127,168	114,571
	<u>(5,256,741)</u>	<u>544,395</u>	<u>(1,907,303)</u>
Changes in inventory held for use	-	11,877	(66,206)
Changes in prepaid expenses	-	(42,608)	152,633
	<u>-</u>	<u>(30,731)</u>	<u>86,427</u>
Change in net financial assets	1,102,079	3,291,602	489,606
Net financial assets, beginning of year	<u>11,653,106</u>	<u>11,653,106</u>	<u>11,163,500</u>
Net financial assets, end of year	<u>12,755,185</u>	<u>14,944,708</u>	<u>11,653,106</u>

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

December 31, 2018

The Town of Georgina (the "Town") is a lower-tier municipality in the Region of York (the "Region"), Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislations.

1. Summary of significant accounting policies

The consolidated financial statements of the Town are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB").

Significant accounting policies adopted by the Town are as follows:

Reporting entity

These consolidated financial statements reflect the financial assets, liabilities, revenues and expenses, changes in accumulated surplus and changes in net assets of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town. Accordingly, the following are consolidated in these financial statements:

- Belhaven Community Hall Board
- Egypt Community Hall Board
- Port Bolster Community Hall Board
- Udora Community Hall Board
- Georgina Public Library Board
- Cooke's Cemetery Board
- Keswick Cemetery Board
- Uptown Keswick Business Improvement Area Board
- Jackson's Point Village Association Business Improvement Area Board
- Downtown Sutton Merchants Business Improvement Area Board

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

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

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

Cash and cash equivalents

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

Portfolio investments

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

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, 2018

1. Summary of significant accounting policies (continued)

Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

Interest capitalization

Interest is capitalized during the period of construction whenever external debt is issued to finance the construction of tangible capital assets.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Employee future benefits payable

Vacation entitlements are accrued for as entitlements are earned.

The Town accrues for its obligations under other future employee programs and the related costs. The Town has adopted the following accounting policies:

- The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.
- The present value of the cost of providing employees with other future benefit programs is expensed when employees earn these entitlements through service.
- Net actuarial gains and losses related to the employee benefits are amortized over the estimated average remaining useful life of the employees.

Pension Plan

The Town is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Town has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Town records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

1. Summary of significant accounting policies (continued)

Deferred revenue - obligatory reserve funds

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges and cash-in-lieu of parkland under the authority of provincial legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

Reserves and reserve funds

Certain amounts, as approved by the Town Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfer to/from reserves and reserve funds are an adjustment to the respective fund when approved.

Revenue recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

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

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

Investment income

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

Government transfers

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

Use of estimates

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

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

In the year it was determined that land assumed by the Town under various agreements was not recorded. In addition, it was discovered that an amount was recorded as an operating expense that was, in fact, a tangible capital asset. Also, it was uncovered that amortization was over-recorded on the pumping stations. These errors have been corrected retroactively with adjustments to restate prior periods. The result of these adjustments is as follows:

<u>Statement of Financial Position</u>	<u>2017</u>
Increase in tangible capital assets	786,900
Increase in accumulated surplus, December 31, 2017	786,900
 <u>Statement of Operations</u>	
Decrease in Environmental services expense	-74,771
Increase in Recreation & cultural services expense	<u>7,204</u>
Increase in annual surplus	67,567
Increase in opening accumulated surplus, January 1, 2017	719,333

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

3. Budget reconciliation

The authority of Council is required before monies can be spent by the Town. Approvals are given in the form of an annually approved budget. The budget approved by Council differs from the budget in the consolidated statement of operations as the Council approved budget has been adjusted to account for material changes due to PSAB reporting requirements.

	<u>Revenue</u>	<u>Expenses</u>
	\$	\$
Council approved budget:		
Operating fund	87,143,870	88,235,780
Capital budget carried over from previous years	1,300,470	208,560
Total Council approved budget	<u>88,444,340</u>	<u>88,444,340</u>
Add: Amortization expense	-	12,108,570
Less: Consolidation adjustments	(11,529,760)	(11,529,760)
Less: PSAB adjustments	(9,598,290)	(11,575,020)
Less: Tangible capital assets capitalized	<u>-</u>	<u>(16,490,660)</u>
Adjusted budget per consolidated statement of operations	<u>67,316,290</u>	<u>60,957,470</u>

4. Trust fund

The Trust fund administered by the Town amounting to \$88,849 (2017 - \$79,674) 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.

5. Operations of school boards and the Region of York

During 2018, 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>2018</u>	<u>2017</u>
	\$	\$
School boards	<u>16,131,265</u>	15,503,453
Region of York	<u>26,446,514</u>	<u>25,703,476</u>
	<u>42,577,779</u>	<u>41,206,929</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

6. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 11)	12,839,951	12,079,233
Unrestricted and undesignated	11,546,727	38,095,395
	<u>24,386,678</u>	<u>50,174,628</u>

Included in cash and cash equivalents is a high interest saving account with interest rate ranging from 1.775% to 2.415% of \$15,349,393 (2017 - \$Nil).

7. Portfolio investments

Portfolio investments are comprised of the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Bond Fund with effective yield rate of 1.95% for the 2018 fiscal year	5,113,593	-
Universe Corporate Bond with effective yield rate of 1.6% for the 2018 fiscal year	10,246,021	-
Equity Fund with declining rate of 1.9% in 2018	10,000,000	-
	<u>25,359,614</u>	<u>-</u>

The market value of the bond and equity fund as of December 31, 2018 is \$24,896,423 (2017-\$Nil).

8. Taxes receivable

	<u>2018</u>	<u>2017</u>
	\$	\$
Current year	5,175,643	4,072,843
Arrears previous years	1,311,531	1,971,866
	<u>6,487,174</u>	<u>6,044,709</u>
Less: allowance	(302,244)	(254,613)
	<u>6,184,930</u>	<u>5,790,096</u>

9. Accounts receivable

	<u>2018</u>	<u>2017</u>
	\$	\$
Government entities	1,103,218	1,757,032
Trade and other receivables	2,728,786	2,961,941
	<u>3,832,004</u>	<u>4,718,973</u>
Less: allowance	(166,169)	(165,308)
	<u>3,665,835</u>	<u>4,553,665</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

10. Accounts payable and accrued liabilities

	<u>2018</u>	<u>2017</u>
	\$	\$
Trade payables and accruals	8,955,595	13,610,892
School boards	325,984	181,211
Region of York	496,696	498,218
Interest on long-term debt	97,897	108,532
Payroll	1,906,336	1,841,017
	<u>11,782,508</u>	<u>16,239,870</u>

11. Deferred revenue - obligatory reserve funds

	<u>2018</u>	<u>2017</u>
	\$	\$
Development charge reserve funds	6,996,562	6,643,403
Subdivider contributions	114,290	112,328
Recreational land dedicated under the Planning Act	1,760,413	1,451,514
Gas tax grant	3,968,686	3,871,988
	<u>12,839,951</u>	<u>12,079,233</u>

Continuity of obligatory reserve funds

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance at the beginning of the year	12,079,233	11,227,743
Development charge collections	674,606	715,649
Gas tax grant	1,386,057	1,346,478
Investment income	205,696	154,381
Tangible capital assets acquisitions and construction	<u>(1,505,641)</u>	<u>(1,365,018)</u>
Balance at the end of the year	<u>12,839,951</u>	<u>12,079,233</u>

12. Employee future benefits payable

Under the provisions of certain employee benefit plans, an employee who has achieved the appropriate factor as determined by OMERS, is eligible for a retirement pension from OMERS, and is under the age of 65 years will be provided with extended health coverage (drug, vision and dental plan) for a maximum of ten years (firefighters twelve years amended in 2016 as shown in the prior period cost plan amendment). The Town contributes 100% of the insurance premium obligated under this plan.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial valuation report was prepared as at December 31, 2016.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

12. Employee future benefits payable (continued)

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Employee other future benefits	2,179,061	2,126,648
Vacation pay	1,867,779	1,926,872
	<u>4,046,840</u>	<u>4,053,520</u>

Total other benefit payments to retirees during the year were \$116,298 (2017 - \$115,348). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Accrued benefits obligation	1,952,660	2,018,500
Unamortized actuarial gain	226,401	108,148
Employee future benefits payable	<u>2,179,061</u>	<u>2,126,648</u>

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning of the year	2,126,648	2,056,195
Annual amortization of actuarial gains	(12,476)	1,155
Current period service cost	120,568	136,523
Interest cost	60,619	48,123
Benefits paid for the period	(116,298)	(115,348)
Balance, end of the year	<u>2,179,061</u>	<u>2,126,648</u>

Significant assumptions used are as follows:

	<u>2018</u>	<u>2017</u>
Expected average remaining service life in years	16.7	16.7
Employees future benefits payable as at December 31		
<i>Interest (discount) rate</i>	3.00%	2.20%
Benefits cost for the year ended December 31		
<i>Interest (discount) rate</i>	3.50%	3.00%
<i>Dental costs</i>	4.50%	4.50%
<i>Health costs</i>		
- Initial rate	4.50%	4.50%

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

13. Government grants and contributions

	<u>2018</u>	<u>2017</u>
	\$	\$
Federal	408,386	1,138,156
Provincial	<u>2,203,586</u>	<u>1,267,224</u>
	<u>2,611,972</u>	<u>2,405,380</u>

14. Insurance coverage

The Town is self insured for insurance claims up to \$10,000 for property, liability and automobile, Councillor's accident, and volunteers for any individual claim and for any number of claims arising out of a single occurrence. Claim costs during the year amounted to \$70,633 (2017 - \$83,758).

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, 2018 these reserves had a balance of \$6,168 (2017 - \$6,168).

15. 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>2018</u>	<u>2017</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	8,228,865	9,056,568
Mortgage payable	0.00%	2018	-	200,000
Streetlight Retrofit	8.07%	2026	<u>1,771,278</u>	<u>1,898,063</u>
			<u>10,000,143</u>	<u>11,154,631</u>

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

	\$
2019	1,015,967
2020	1,081,802
2021	1,152,341
2022	1,227,960
2023	1,309,069
Thereafter	4,213,004
	<u>10,000,143</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

15. Long-term debt (continued)

Interest expense on long-term debt amounted to \$591,792 (2017 - \$641,947). Interest paid during the year is \$602,427.

Of the long-term debt \$10,000,143 (2017 - \$11,154,631) 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>2018</u>	<u>2017</u>
	\$	\$
Water/Wastewater user charges	<u>8,228,865</u>	<u>9,056,568</u>

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

Subsequent to year end, a \$6,000,000 debenture was issued to the Town from York Region at an interest rate of 2.65%, maturing April 18, 2029.

16. 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 \$2,823,324 (2017 - \$9,166,392) 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 \$2,439,273 (2017 - \$19,709), which includes contributions from developers in the amount of \$1,571,581 (2017 - \$nil) and property vested in the name of the Corporation under the tax sale provisions of the Municipal Act.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

17. Contractual obligations and contingencies

Contractual obligations

The Town has the following contractual obligations at December 31, 2018:

- a) The Town has entered into a multiple-year contract for delivery of services with respect to waste collection. The total purchase commitment from such contract amounted to approximately \$1,803,867 of which expenses of approximately \$315,340 were outstanding as at December 31, 2018.
- b) In November 2013, the Town entered into a contract for animal control services for a period of five (5) years commencing January 1, 2014 at a cost of \$142,352 per year plus taxes, to be indexed annually by inflation per the Consumer Price Index (CPI). The total purchase commitment of this contract amounts to approximately \$711,761 of which expenses of approximately \$15,134 were outstanding as at December 31, 2018.

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, 2018

18. Accumulated surplus

The accumulated surplus is comprised of the following:

	2018	2017
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	7,904,014	7,149,532
Recreation and cultural programs and facilities	96,720	109,365
Working capital	2,200,323	2,207,569
Waste disposal	-	23,345
Health services	15,258	57,189
Roadways	1,076,142	166,882
Protective inspections	5,350	775,842
General government	393,965	1,475,879
Insurance	-	6,168
Planning and development	-	151,502
Contingencies	1,322,690	1,739,531
Parks	-	7,072
Libraries	9,190	9,190
Green initiatives	-	241,935
Acquisition of capital assets	11,502,364	14,648,796
Cemeteries	103,698	96,898
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	-	225,228
Repayment of water and sewer debentures	4,531,093	4,083,558
Water and sewer system capital expenses	5,007,484	4,151,671
Servicing allocation contribution	-	42,000
WSIB	189,950	189,950
Tax Rate Stabilization	1,103,176	-
Infrastructure	5,671,332	-
	<u>41,232,749</u>	<u>37,659,102</u>
Surpluses		
Invested in tangible capital assets (Schedule 1)	347,765,091	348,309,486
Less: amount financed by long-term debt (Note 15)	(10,000,143)	(11,154,631)
Operating deficit	(10,952,913)	(9,540,431)
Employee future benefits (Note 12)	(4,046,840)	(4,053,520)
	<u>322,765,195</u>	<u>323,560,904</u>
Total surpluses		
	<u>363,997,944</u>	<u>361,220,006</u>
Accumulated surplus		

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

19. Pension agreements

OMERS provides pension services to more than 470,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 ranged from 8.3% to 13.9% (2017 - 8.3% to 13.9%) depending on the proposed retirement age and level of earnings. As a result \$2,217,701 (2017 - \$2,043,320) was contributed to OMERS for current year services.

20. Comparative Amounts

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

21. Segmented information

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

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

Fire & emergency services

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

Protective inspection and control

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2018

20. Segmented information (continued)

Roads, sidewalks, bridges and public works

Public Works is responsible for the Town's infrastructure. This includes the safety and maintenance of the Town's roads, sidewalks, bridges, street lights, traffic control devices, and the school crossing guard program.

Water, wastewater and solid waste

This segment consists of water, wastewater and solid waste. Responsibilities include the distribution of drinking water and the collection of waste water. It also includes the collection of household waste and recycling.

Leisure programs, events and facilities

This segment includes all leisure programs, activities, events and cultural services to its residents. It also includes all leisure facilities (including arenas, pool, youth centres and community halls), parks and open spaces. Cemetery management is also included as it is not considered material enough to warrant a separate segment.

Library services

The Library serves the members of the public in their leisure, informational and cultural quests. Library Services reports to the Library Board and is therefore a separate segment.

Planning & development

This department manages urban development for business interests, environmental concerns, heritage matters and local neighborhoods.

Corporate governance and management

All support staff and services are included here such as Town Council, Office of the CAO, Municipal Treasurer, Finance, Treasury, Information Technology, Purchasing, Clerks and Human Resources.

Taxation revenue

The Town's primary source of funding for its operations is achieved through property taxes levied against property owners.

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31

	2 0 1 8								Net Book Value
	Cost				Accumulated Amortization				
	Opening Balance	Additions/Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	41,274,921		(79,500)	41,195,421	-	-	-	-	41,195,421
Building	42,343,123	1,209,496	(281,373)	43,271,246	16,030,010	1,349,187	(266,313)	17,112,884	26,158,361
Machinery and equipment	14,240,267	1,180,834	(305,113)	15,115,988	7,118,694	916,487	(222,089)	7,813,092	7,302,896
Vehicles	7,980,690	1,055,062	(1,267,494)	7,768,258	4,677,789	576,664	(1,222,435)	4,032,018	3,736,241
Information technology	2,386,841	885,268	(89,976)	3,182,133	932,087	454,141	(89,976)	1,296,252	1,885,881
Library collections	1,090,439	121,182	(177,327)	1,034,294	580,260	153,200	(177,327)	556,133	478,161
	109,316,281	4,451,842	(2,200,783)	111,567,340	29,338,839	3,449,679	(1,978,140)	30,810,378	80,756,962
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	24,556,101	174,763	(18,980)	24,711,884	14,230,271	936,885	(18,980)	15,148,176	9,563,709
Transportation networks	153,482,182	3,776,458	-	157,258,640	68,565,978	5,256,305	-	73,822,283	83,436,357
Pumping stations	9,558,562	17,577	-	9,576,139	4,531,687	204,012	-	4,735,699	4,840,440
Sanitary sewer assets	84,121,533	715,162	-	84,836,695	19,248,455	941,267	-	20,189,722	64,646,973
Storm sewer assets	30,303,797	418,905	-	30,722,702	5,665,804	418,142	-	6,083,946	24,638,756
Water linear assets	71,281,302	8,575,177	-	79,856,479	16,738,290	902,279	-	17,640,569	62,215,910
	388,146,137	13,678,042	(18,980)	401,805,199	128,980,484	8,658,890	(18,980)	137,620,394	264,184,805
Assets under construction	9,166,392	(6,343,068)	-	2,823,324	-	-	-	-	2,823,324
Total capital assets	506,628,810	11,786,816	(2,219,763)	516,195,863	158,319,323	12,108,569	(1,997,120)	168,430,772	347,765,091

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31

	2 0 1 7								Net Book Value (Restated)
	Cost				Accumulated Amortization				
	Opening Balance (Restated)	Additions/ Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	41,274,921			41,274,921	-	-	-	-	41,274,921
Building	41,551,571	798,179	(6,627)	42,343,123	14,707,739	1,326,579	(4,308)	16,030,010	26,313,112
Machinery and equipment	14,001,605	484,266	(245,604)	14,240,267	6,382,025	929,576	(192,907)	7,118,694	7,121,573
Vehicles	7,400,242	1,718,866	(1,138,418)	7,980,690	5,292,251	486,748	(1,101,210)	4,677,789	3,302,902
Information technology	1,476,266	1,075,008	(164,433)	2,386,841	810,088	286,432	(164,433)	932,087	1,454,754
Library collections	1,149,191	120,209	(178,961)	1,090,439	598,818	160,403	(178,961)	580,260	510,179
	<u>106,853,796</u>	<u>4,196,529</u>	<u>(1,734,043)</u>	<u>109,316,281</u>	<u>27,790,921</u>	<u>3,189,738</u>	<u>(1,641,820)</u>	<u>29,338,839</u>	<u>79,977,441</u>
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	24,154,303	401,798	-	24,556,101	13,283,201	947,070	-	14,230,271	10,325,831
Transportation networks	151,400,609	2,081,573	-	153,482,182	63,388,997	5,176,981	-	68,565,978	84,916,204
Pumping stations	9,768,562	-	(210,000)	9,558,562	4,447,468	200,121	(115,902)	4,531,687	5,026,875
Sanitary sewer assets	83,305,019	816,514	-	84,121,533	18,316,789	931,666	-	19,248,455	64,873,078
Storm sewer assets	30,303,797	-	-	30,303,797	5,250,787	415,017	-	5,665,804	24,637,993
Water linear assets	71,104,305	176,997	-	71,281,302	15,894,760	843,530	-	16,738,290	54,543,012
	<u>384,879,255</u>	<u>3,476,882</u>	<u>(210,000)</u>	<u>388,146,137</u>	<u>120,582,002</u>	<u>8,514,384</u>	<u>(115,902)</u>	<u>128,980,484</u>	<u>259,165,653</u>
Assets under construction	<u>3,042,055</u>	<u>6,124,337</u>	<u>-</u>	<u>9,166,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,166,392</u>
Total capital assets	<u>494,775,106</u>	<u>13,797,747</u>	<u>(1,944,043)</u>	<u>506,628,810</u>	<u>148,372,923</u>	<u>11,704,122</u>	<u>(1,757,722)</u>	<u>158,319,323</u>	<u>348,309,486</u>

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2018

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	43,104,698	41,449,067	-	-	-	-	-	-
Grants	2,611,972	2,405,380	-	-	3,747	1,478	895,517	-
User fees and service charges	10,042,977	9,663,262	155,424	210,069	74,461	82,579	754,983	990,758
Licenses, permits and rent	1,165,383	1,369,159	-	-	880,623	1,109,236	-	-
Fines, penalties and interest	1,888,955	1,034,573	-	-	181,891	173,075	-	-
Other	5,056,445	2,808,151	-	-	537,718	417,990	2,518,904	1,127,084
Total revenues	63,870,430	58,729,592	155,424	210,069	1,678,440	1,784,358	4,169,404	2,117,842
Expenses								
Salaries and wages	32,756,995	30,071,141	6,770,216	6,511,555	2,684,075	2,529,741	4,144,312	3,951,032
Interest on long-term debt	588,558	638,293	-	-	-	-	181,423	192,856
Materials, good and supplies	4,434,329	4,543,897	402,119	409,550	150,345	147,292	1,343,879	1,342,438
Contracted and general services	10,592,740	8,960,329	445,940	416,835	854,283	503,236	517,700	388,176
Rents and financial	199,096	169,104	-	-	7,100	1,069	-	-
External transfers	316,731	260,473	-	-	-	-	55,000	55,000
Amortization	12,108,569	11,704,122	349,413	311,679	47,293	46,206	5,690,558	5,553,693
Other	-	-	-	-	-	-	-	-
Total expenses	60,997,018	56,347,359	7,967,688	7,649,619	3,743,096	3,227,544	11,932,872	11,483,195
Net revenues (expenses)	2,873,412	2,382,233	(7,812,264)	(7,439,550)	(2,064,656)	(1,443,186)	(7,763,468)	(9,365,353)

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2018

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	-	-
Grants	918,967	1,821,100	520,329	358,211	2,391,863	2,225,161	69,768	-
User fees and service charges	5,014,107	4,564,674	3,164,930	2,850,386	84,704	85,341	388,521	471,163
Licenses, permits and rent	-	-	228,891	199,963	-	-	-	-
Fine, penalties and interest	-	-	-	-	26,531	25,113	-	-
Other	156,046	162,764	1,795,543	602,179	20,545	8,334	27,000	-
Total revenues	6,089,120	6,548,538	5,709,693	4,010,739	2,523,643	2,343,949	485,289	471,163
Expenses								
Salaries and wages	1,872,298	1,436,178	8,058,603	7,738,860	1,717,465	1,577,718	1,482,025	1,369,808
Interest on long-term debt	407,135	445,437	-	-	-	-	-	-
Materials, good and supplies	360,668	366,334	1,986,178	2,041,001	152,580	184,582	9,831	23,868
Contracted and general services	3,468,182	2,799,094	3,055,850	2,392,505	358,533	168,540	385,676	364,418
Rents and financial	16,750	16,227	104,830	97,428	2,151	2,175	-	-
External transfers	-	-	2,470,177	2,301,483	-	-	96,000	57,060
Amortization	2,727,622	2,573,662	2,618,429	2,645,478	237,941	224,502	21,313	20,528
Other	-	-	-	-	-	-	-	-
Total expenses	8,852,655	7,636,932	18,294,067	17,216,755	2,468,670	2,157,517	1,994,845	1,835,682
Net revenues (expenses)	(2,763,535)	(1,088,394)	(12,584,374)	(13,206,016)	54,973	186,432	(1,509,556)	(1,364,519)

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2018

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation	-	-	43,104,698	41,449,067	-	-
Grants	129,700	152,500	-	-	(2,317,919)	(2,153,070)
User fees and service charges	405,847	408,292	-	-	-	-
Licenses, permits and rent	55,869	59,960	-	-	-	-
Fine, penalties and interest	1,680,533	836,385	-	-	-	-
Other	689	489,800	-	-	-	-
Total revenues	2,272,638	1,946,937	43,104,698	41,449,067	(2,317,919)	(2,153,070)
Expenses						
Salaries and wages	6,028,001	4,956,249	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	28,729	28,832	-	-	-	-
Contracted and general services	1,506,576	1,927,525	-	-	-	-
Rents and financial	68,265	52,205	-	-	-	-
External transfers	13,473	-	-	-	(2,317,919)	(2,153,070)
Amortization	416,000	328,374	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	8,061,044	7,293,185	-	-	(2,317,919)	(2,153,070)
Net revenue (expenses)	(5,788,406)	(5,346,248)	43,104,698	41,449,067	-	-