



# TOWN OF GEORGINA

## CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2010



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



Town of Georgina  
Consolidated Financial Statements  
December 31, 2010

*Adopted by Council on July 18, 2011*

**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**

**Susan Plamondon, B.A., LL.B**

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# Independent auditor's report

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

To the Members of Council, Inhabitants and Ratepayers of **The Corporation of the Town of Georgina**

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Georgina, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Georgina as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Other matter

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

Markham, Canada  
July 18, 2011



Chartered Accountants  
Licensed Public Accountants

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

December 31

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>Financial assets</b>		
Cash and temporary investments (Note 5)	13,912,994	18,632,066
Taxes receivable	7,841,479	7,009,289
Water and sewer charges receivable	2,045,825	1,789,913
Accounts receivable (Note 6)	4,939,016	1,969,497
Inventory held for own use	217,024	19,811
	<u>28,956,338</u>	<u>29,420,576</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	9,251,903	9,014,074
Deferred revenue - obligatory reserve funds (Note 8)	4,914,631	5,837,449
Employee future benefits payable (Note 9)	2,669,922	2,494,214
Long-term debt (Note 12)	15,145,672	16,302,960
	<u>31,982,128</u>	<u>33,648,697</u>
<b>Net debt</b>	<u>(3,025,790)</u>	<u>(4,228,121)</u>
<b>Non-financial assets</b>		
Prepaid expenses	79,990	55,114
Tangible capital assets (Note 13 and Schedule 1)	352,879,718	340,959,050
	<u>352,959,708</u>	<u>341,014,164</u>
<b>Accumulated surplus (Note 15)</b>	<u>349,933,918</u>	<u>336,786,043</u>

Commitments, contractual obligations and contingencies (Note 14)

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

	2010		2009
	Budget (unaudited)	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation available for municipal purposes	29,298,660	<b>30,759,623</b>	28,756,306
User fees and service charges	6,516,116	<b>5,968,835</b>	5,280,722
Government grants and contributions (Note 10)	7,421,780	<b>5,343,352</b>	1,693,246
Fines, penalties and interest	1,030,500	<b>1,155,092</b>	1,103,063
Licenses and permits	797,400	<b>913,438</b>	729,881
Investment income	263,100	<b>264,408</b>	298,501
Revenue from other municipalities	566,010	<b>539,743</b>	536,627
Developer and customer contributions	125,000	<b>5,707,131</b>	369,029
Other	-	<b>145,061</b>	121,289
Developer contributions earned	5,293,460	<b>1,931,675</b>	64,580
Rents and concessions	119,100	<b>132,151</b>	135,657
Donations	9,500	<b>34,378</b>	74,708
<b>Total revenues</b>	<u>51,440,626</u>	<u><b>52,894,887</b></u>	<u>39,163,609</u>
<b>Expenditures</b>			
Recreation and cultural services	10,053,176	<b>10,163,809</b>	9,277,334
Protection to persons and property	7,261,145	<b>7,378,173</b>	7,556,166
Transportation services	9,486,092	<b>8,365,980</b>	9,264,859
General government	5,523,772	<b>5,266,475</b>	4,945,521
Environmental services	6,708,726	<b>6,832,833</b>	5,874,499
Planning and development services	1,491,224	<b>1,415,307</b>	1,303,662
Health services	123,937	<b>159,262</b>	148,431
Social and family services	223,352	<b>163,786</b>	239,569
Other	-	-	80,126
<b>Total expenditures</b>	<u>40,871,424</u>	<u><b>39,745,625</b></u>	<u>38,690,167</u>
<b>Net revenues</b>	10,569,202	<b>13,149,262</b>	473,442
Loss on disposal of tangible capital assets	-	<b>(1,387)</b>	(81,454)
<b>Annual surplus</b>	<u>10,569,202</u>	<u><b>13,147,875</b></u>	<u>391,988</u>
<b>Accumulated surplus, beginning of year</b>		<u><b>336,786,043</b></u>	<u>336,394,055</u>
<b>Accumulated surplus, end of year</b>		<u><b>349,933,918</b></u>	<u>336,786,043</u>

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

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Cash provided by (used in):		
<b>Operating activities</b>		
Annual surplus	13,147,875	391,988
Amortization expense	8,819,784	8,387,388
Loss on disposal of tangible capital assets	1,387	81,454
Changes in non-cash item balances		
Taxes receivable	(832,190)	(857,584)
Water and sewer charges receivable	(255,912)	(50,757)
Accounts receivable	(2,969,519)	(475,497)
Inventory held for own use	(197,213)	2,269
Prepaid expenses	(24,876)	165,265
Accounts payable and accrued liabilities	237,829	2,974,220
Deferred revenue - obligatory reserve funds	(922,818)	307,223
Employee future benefits payable	175,708	85,139
Cash provided by operating activities	<u>17,180,055</u>	<u>11,011,108</u>
<b>Investing activities</b>		
Acquisition of tangible capital assets	(20,786,839)	(7,295,017)
Proceeds on disposal of tangible capital assets	45,000	-
	<u>(20,741,839)</u>	<u>(7,295,017)</u>
<b>Financing activities</b>		
Principal repayment on long-term debt	(1,157,288)	(1,218,010)
<b>Net change in cash and temporary investments</b>	<b>(4,719,072)</b>	2,498,081
<b>Cash and temporary investments, beginning of year</b>	<u>18,632,066</u>	<u>16,133,985</u>
<b>Cash and temporary investments, end of year</b>	<u>13,912,994</u>	<u>18,632,066</u>

**The Corporation of the Town of Georgina**  
**Consolidated Statement of Change in Net Debt**  
Year ended December 31

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>Annual surplus</b>	<u>13,147,875</u>	<u>391,988</u>
Acquisition of tangible capital assets	(20,786,839)	(7,295,017)
Proceeds on disposal of tangible capital assets	45,000	-
Loss on disposal of tangible capital assets	1,387	81,454
Amortization of tangible capital assets	<u>8,819,784</u>	<u>8,387,388</u>
	<u>(11,920,668)</u>	<u>1,173,825</u>
Changes in prepaid expenses	<u>(24,876)</u>	<u>165,265</u>
<b>Change in net debt</b>	<b>1,202,331</b>	<b>1,731,078</b>
<b>Net debt, beginning of year</b>	<u>(4,228,121)</u>	<u>(5,959,199)</u>
<b>Net debt, end of year</b>	<u>(3,025,790)</u>	<u>(4,228,121)</u>

# The Corporation of the Town of Georgina

## Notes to the Consolidated Financial Statements

December 31, 2010

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

### 1. Summary of significant accounting policies

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

Significant accounting policies adopted by the Town are as follows:

#### *Reporting entity*

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

- Belhaven Community Hall Board
- Egypt Community Hall Board
- Port Bolster Community Hall Board
- Udora Community Hall Board
- Georgina Public Library Board
- Briar Hill Cemetery Board
- Cooke's Cemetery Board
- Georgina Waterworks
- Georgina Water Pollution Control

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

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

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

#### *Cash and temporary investments*

Cash and temporary investments are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 365 days or less.

# The Corporation of the Town of Georgina

## Notes to the Consolidated Financial Statements

December 31, 2010

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### 1. Summary of significant accounting policies (continued)

#### *Accrual accounting*

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

#### *Non-financial assets*

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

#### Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, is amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Years</u>
Land improvements	12-100
Buildings and building components	15-50
Transportation network (includes roads, sidewalks, bridges and structures, street lights, etc.)	10-50
Vehicles	5-20
Machinery and equipment	5-40
Information technology	3-7
Library collection	7
Pumping stations	20-100
Sanitary sewer	70-100
Storm sewer	50-100
Water linear	70-100

Assets are amortized in the month following the purchase or in-service date. One half of the annual amortization is charged in the year of acquisition for pooled assets. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$20,000 for all assets in the general category and \$50,000 for all assets in the infrastructure category (except land improvements which have a threshold of \$20,000). Individual assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value. Examples of pools are computer systems, library collection, and streetlights. The Town's threshold for pooled assets is \$20,000. The Library pools all of their assets and their capitalization threshold is \$10,000.

#### Contribution of tangible capital assets

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

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2010

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**1. Summary of significant accounting policies (continued)**

Interest capitalization

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

Leases

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

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

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

*Employee future benefits payable*

Vacation entitlements are accrued for as entitlements are earned.

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

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

*Deferred revenue - obligatory reserve funds*

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

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2010

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**1. Summary of significant accounting policies (continued)**

*Reserves and reserve funds*

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

*Investment income*

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

*Government transfers*

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

*Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

*Budget figures*

Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The approved operating and capital budgets are reflected on the consolidated statement of operations and are unaudited. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts.

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

December 31, 2010

**2. Budget reconciliation**

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

	(Unaudited)	
	Revenue	Expenses
	\$	\$
Council approved budget:		
Operating fund	38,008,706	26,626,310
Reserves and Reserve funds	-	4,627,830
	<u>38,008,706</u>	<u>31,254,140</u>
Capital budget	12,731,920	23,222,960
Capital budget carried over from previous years	1,700,000	1,700,000
	<u>14,431,920</u>	<u>24,922,960</u>
Total Council approved budget	52,440,626	56,177,100
Less: Tangible capital assets capitalized	-	(24,125,460)
Less: Proceeds from long term debt	(1,000,000)	-
Add: Amortization expense	-	8,819,784
	<u>51,440,626</u>	<u>40,871,424</u>
Adjusted budget per consolidated statement of operations	<u>51,440,626</u>	<u>40,871,424</u>

**3. Trust fund**

The Trust fund administered by the Town amounting to \$479,784 (2009 - \$466,243) is presented in a separate financial statement of trust balances and operations. As such balances are held in trust by the Town for the benefit of others, they are not included in the Town's consolidated statements of financial position or operations.

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

During 2010, 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>2010</u>	<u>2009</u>
	\$	\$
School boards	<u>13,935,034</u>	14,065,715
Region of York	<u>22,249,848</u>	<u>26,002,382</u>
	<u>36,184,882</u>	<u>40,068,097</u>

**The Corporation of the Town of Georgina**  
**Notes to the Consolidated Financial Statements**  
December 31, 2010

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**5. Cash and temporary investments**

Cash and temporary investments are segregated as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 8)	<b>4,914,631</b>	5,837,449
Unrestricted and undesignated	<b>8,998,363</b>	12,794,617
	<b><u>13,912,994</u></b>	<b><u>18,632,066</u></b>

**6. Accounts receivable**

	<u>2010</u>	<u>2009</u>
	\$	\$
Government entities	<b>1,273,843</b>	436,441
Trade and other receivables	<b>3,739,199</b>	1,612,306
	<b>5,013,042</b>	2,048,747
Less: allowance for doubtful accounts	<b>(74,026)</b>	(79,250)
	<b><u>4,939,016</u></b>	<b><u>1,969,497</u></b>

**7. Accounts payable and accrued liabilities**

	<u>2010</u>	<u>2009</u>
	\$	\$
Trade payables and accruals	<b>7,446,948</b>	5,385,410
School boards	-	308,733
Region of York	<b>671,821</b>	1,546,793
Interest on long-term debt	<b>190,020</b>	205,914
Payroll	<b>943,114</b>	1,567,224
	<b><u>9,251,903</u></b>	<b><u>9,014,074</u></b>

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

The obligatory reserve funds consist of the following:

	<u>2010</u>	<u>2009</u>
	\$	\$
Parklands	<b>929,501</b>	533,733
Development charges	<b>3,985,130</b>	5,303,716
	<b><u>4,914,631</u></b>	<b><u>5,837,449</u></b>

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

December 31, 2010

**9. 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.

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Employee other future benefits	<b>1,180,380</b>	1,117,742
Vacation pay	<b>1,489,542</b>	1,376,472
	<b><u>2,669,922</u></b>	<u>2,494,214</u>

Total other benefit payments to retirees during the year were \$24,724 (2009 - \$10,792). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2010</u>	<u>2009</u>
	\$	\$
Accrued benefits obligation	<b>1,080,138</b>	990,050
Unamortized actuarial gain	<b>100,242</b>	127,692
Employee future benefits payable	<b><u>1,180,380</u></b>	<u>1,117,742</u>

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Balance, beginning of the year	<b>1,117,742</b>	1,048,271
Annual amortization of actuarial gains	<b>(12,227)</b>	(12,227)
Current period service cost	<b>49,468</b>	46,188
Interest cost	<b>50,121</b>	46,302
Benefits paid for the period	<b><u>(24,724)</u></b>	<u>(10,792)</u>
Balance, end of the year	<b><u>1,180,380</u></b>	<u>1,117,742</u>

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

December 31, 2010

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

Significant assumptions used are as follows:

	<u>2010</u>	<u>2009</u>
Expected average remaining service life in years	15	14
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	2019

**10. Government grants and contributions**

	<u>2010</u>	<u>2009</u>
	\$	\$
Federal	3,196,947	1,320,571
Provincial	2,146,405	372,675
	<u>5,343,352</u>	<u>1,693,246</u>

**11. Insurance coverage**

The Town is self insured for insurance claims up to \$10,000 for property and liability insurance and \$5,000 for 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 \$30,135 (2009 - \$29,579).

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, 2010 these reserves had an adverse balance of \$215,440 (2009 – adverse balance of \$225,640).

The Town is a member of the Ontario Municipal Insurance Exchange for liability insurance coverage. Contributions have been made to the fund for claims in excess of the limits noted above and under \$50,000,000. These contributions have been reported as expenditures on the consolidated statement of operations. The contribution for the year was \$528,500 (2009 - \$804,398).

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

December 31, 2010

**12. 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>2010</u>	<u>2009</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	<b>13,878,672</b>	14,446,960
Ice Palace redevelopment	5.25%	2012	<b>1,267,000</b>	1,856,000
			<b><u>15,145,672</u></b>	<b><u>16,302,960</u></b>

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

	\$
2011	1,213,637
2012	1,273,302
2013	654,347
2014	685,838
2015	718,844
2016 and thereafter	<u>10,599,704</u>
	<b><u>15,145,672</u></b>

The Town is contingently liable for the tile drainage loans as at December 31, 2010 of \$32,778 (2009 - \$45,357). 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 \$762,839 (2009 - \$843,282).

Of the \$15,145,672 long-term debt (2009 - \$16,302,960) 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>2010</u>	<u>2009</u>
	\$	\$
General revenues	<b>1,267,000</b>	1,856,000
Wasterwater user charges	<b>13,878,672</b>	14,446,960
	<b><u>15,145,672</u></b>	<b><u>16,302,960</u></b>

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

December 31, 2010

---

**13. 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 \$11,537,302 (2009 - \$1,984,715) 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 \$5,707,131 (2009 - \$nil), which includes contribution from developers in the amount of \$5,707,131 (2009 - \$nil). Contributed assets from developers during 2010 consist of street lighting, and linear assets of subdivisions assumed by the Town in that year.

**14. 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 three years are as follows:

	\$
2011	57,450
2012	50,710
2013	<u>16,903</u>
	<u>125,063</u>

*Contractual obligations*

The Town has outstanding contractual obligations on major capital projects of approximately \$7,040,000 at December 31, 2010.

*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, 2010

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**15. Accumulated surplus**

The accumulated surplus is comprised of the following:

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>Reserves set aside for specific purposes by Council</b>		
Equipment replacement	2,700,301	2,003,289
Recreation and cultural programs and facilities	62,196	99,863
Working capital	694,116	694,116
Waste disposal	95,000	95,000
Health services	43,046	43,046
Roadways	175,002	175,002
Protective inspections	244,949	236,302
General government	807,213	719,834
Insurance	(215,440)	(225,640)
Planning and development	311,521	275,521
Contingencies	1,782,287	1,807,212
Parks	7,072	7,072
Libraries	26,607	77,783
Green initiatives	250,000	185,000
Acquisition of capital assets	10,204,703	8,767,147
Cemeteries	89,964	74,411
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	231,127	200,966
Repayment of water and sewer debentures	1,019,075	814,031
Water and sewer system capital expenditures	<u>2,234,247</u>	<u>1,851,951</u>
<b>Total reserves</b>	<u>20,862,986</u>	<u>18,001,906</u>
<b>Surpluses</b>		
Invested in tangible capital assets (Schedule 1)	352,879,718	340,959,050
Less: amount financed by long-term debt (Note 12)	(15,145,672)	(16,302,960)
Operating deficit	(5,993,192)	(3,377,739)
Employee future benefits (Note 9)	<u>(2,669,922)</u>	<u>(2,494,214)</u>
<b>Total surpluses</b>	<u>329,070,932</u>	<u>318,784,137</u>
<b>Accumulated surplus</b>	<u>349,933,918</u>	<u>336,786,043</u>

# The Corporation of the Town of Georgina

## Notes to the Consolidated Financial Statements

December 31, 2010

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### 16. Pension agreements

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The Plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based upon the length of service and rates of pay.

Contributions in 2010 ranged from 6.4% to 13.1% (2009 - 6.3% to 12.8%) depending on the proposed retirement age and level of earnings. As a result \$1,079,790 (2009 - \$974,560) was contributed to OMERS for current year services.

### 17. 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 departments have been separately disclosed in the segmented information, along with a description of their services.

#### *Fire & emergency services*

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

#### *Protective inspection and control*

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

#### *Roads, sidewalks, bridges and public works*

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

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

December 31, 2010

---

**17. Segmented information** (continued)

*Water, wastewater and solid waste*

This segment consists of water, wastewater and solid waste. Its 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*

The Town creates plans for Georgina's future. It manages urban development for business interest, 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.

**18. Comparative figures**

Certain comparative figures in these financial statements have been reclassified to conform to the presentation adopted for the current year.

**The Corporation of the Town of Georgina**  
**Tangible Capital Assets - Summary by Asset Category**  
December 31, 2010

Schedule 1

	2 0 1 0				2 0 1 0				Net Book Value
	Cost				Accumulated Amortization				
	Opening Balance	Additions/ Betterments	Disposals / Transfers	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>General</b>									
Land	29,975,523	50,200	(2)	30,025,721	-	-	-	-	<b>30,025,721</b>
Building	26,174,751	1,803,111		27,977,862	7,750,120	648,979	-	8,399,099	<b>19,578,763</b>
Machinery and equipment	5,954,103	573,521	(24,038)	6,503,586	2,521,648	403,056	(6,410)	2,918,294	<b>3,585,292</b>
Vehicles	5,591,966	385,952	(90,940)	5,886,978	2,987,997	537,334	(71,249)	3,454,082	<b>2,432,896</b>
Information technology	1,088,369	202,539	-	1,290,908	678,330	194,282	-	872,612	<b>418,296</b>
Library collections	852,388	178,961	(43,023)	988,326	318,969	132,484	(43,023)	408,430	<b>579,896</b>
	<b>69,637,100</b>	<b>3,194,284</b>	<b>(158,003)</b>	<b>72,673,381</b>	<b>14,257,064</b>	<b>1,916,135</b>	<b>(120,682)</b>	<b>16,052,517</b>	<b>56,620,864</b>
<b>Infrastructure</b>									
Land	13,893,703	44,849	-	13,938,552	-	-	-	-	<b>13,938,552</b>
Land improvements	12,589,674	73,049	-	12,662,723	7,426,829	401,114	-	7,827,943	<b>4,834,780</b>
Transportation networks	136,485,233	4,016,287	(12,088)	140,489,432	32,760,421	4,075,640	(3,022)	36,833,039	<b>103,656,393</b>
Pumping stations	10,460,663	14,246	-	10,474,909	2,789,544	297,997	-	3,087,541	<b>7,387,368</b>
Sanitary sewer assets	81,596,136	1,093,126	-	82,689,262	11,842,957	923,918	-	12,766,875	<b>69,922,387</b>
Storm sewer assets	26,475,465	1,944,006	-	28,419,471	2,458,380	377,609	-	2,835,989	<b>25,583,482</b>
Water linear assets	69,496,600	854,405	-	70,351,005	10,125,044	827,371	-	10,952,415	<b>59,398,590</b>
	<b>350,997,474</b>	<b>8,039,968</b>	<b>(12,088)</b>	<b>359,025,354</b>	<b>67,403,175</b>	<b>6,903,649</b>	<b>(3,022)</b>	<b>74,303,802</b>	<b>284,721,552</b>
<b>Assets under construction</b>	<b>1,984,715</b>	<b>9,729,515</b>	<b>(176,928)</b>	<b>11,537,302</b>	-	-	-	-	<b>11,537,302</b>
<b>Total capital assets</b>	<b>422,619,289</b>	<b>20,963,767</b>	<b>(347,019)</b>	<b>443,236,037</b>	<b>81,660,239</b>	<b>8,819,784</b>	<b>(123,704)</b>	<b>90,356,319</b>	<b>352,879,718</b>

**The Corporation of the Town of Georgina**  
**Tangible Capital Assets - Summary by Asset Category**  
December 31, 2010

**Schedule 1**

	2 0 0 9								Net Book Value
	Cost				Accumulated Amortization				
	Opening Balance	Additions/ Betterments	Disposals / Transfers	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>General</b>									
Land	29,847,333	128,190	-	29,975,523	-	-	-	-	29,975,523
Building	25,031,128	1,143,623	-	26,174,751	7,175,211	574,909	-	7,750,120	18,424,631
Machinery and equipment	4,755,421	1,198,682	-	5,954,103	2,161,961	359,687	-	2,521,648	3,432,455
Vehicles	5,368,282	295,450	(71,766)	5,591,966	2,580,299	479,464	(71,766)	2,987,997	2,603,969
Information technology	988,550	99,819	-	1,088,369	525,466	152,864	-	678,330	410,039
Library collections	693,320	179,838	(20,770)	852,388	229,331	110,408	(20,770)	318,969	533,419
	<u>66,684,034</u>	<u>3,045,602</u>	<u>(92,536)</u>	<u>69,637,100</u>	<u>12,672,268</u>	<u>1,677,332</u>	<u>(92,536)</u>	<u>14,257,064</u>	<u>55,380,036</u>
<b>Infrastructure</b>									
Land	13,893,703	-	-	13,893,703	-	-	-	-	13,893,703
Land improvements	11,738,255	851,419	-	12,589,674	7,019,016	407,813	-	7,426,829	5,162,845
Transportation networks	133,960,728	2,524,505	-	136,485,233	28,828,182	3,932,239	-	32,760,421	103,724,812
Pumping stations	10,460,663	-	-	10,460,663	2,492,972	296,572	-	2,789,544	7,671,119
Sanitary sewer assets	81,369,199	226,937	-	81,596,136	10,934,746	908,211	-	11,842,957	69,753,179
Storm sewer assets	26,410,465	65,000	-	26,475,465	2,105,154	353,226	-	2,458,380	24,017,085
Water linear assets	69,095,175	545,221	(143,796)	69,496,600	9,375,391	811,995	(62,342)	10,125,044	59,371,556
	<u>346,928,188</u>	<u>4,213,082</u>	<u>(143,796)</u>	<u>350,997,474</u>	<u>60,755,461</u>	<u>6,710,056</u>	<u>(62,342)</u>	<u>67,403,175</u>	<u>283,594,299</u>
<b>Assets under construction</b>	<u>1,948,382</u>	<u>552,974</u>	<u>(516,641)</u>	<u>1,984,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,984,715</u>
<b>Total capital assets</b>	<u>415,560,604</u>	<u>7,811,658</u>	<u>(752,973)</u>	<u>422,619,289</u>	<u>73,427,729</u>	<u>8,387,388</u>	<u>(154,878)</u>	<u>81,660,239</u>	<u>340,959,050</u>

The Corporation of the Town of Georgina

Segment Disclosures

Year Ended December 31, 2010

Schedule 2

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Taxation	30,759,623	28,756,306	-	-	-	-	-	-
Grants	5,343,352	1,693,246	-	-	8,570	19,516	23,100	(73,819)
User fees and service charges	5,968,835	5,280,722	34,129	23,868	126,896	59,863	400,891	402,865
Licenses, permits and rent	1,045,589	865,538	85,112	84,555	878,685	694,953	-	-
Fine, penalties and interest	1,155,092	1,103,063	-	-	142,472	130,987	-	-
Other	8,622,396	1,464,734	-	-	319,548	349,227	19,181	200,000
<b>Total revenues</b>	<b>52,894,887</b>	<b>39,163,609</b>	<b>119,241</b>	<b>108,423</b>	<b>1,476,171</b>	<b>1,254,546</b>	<b>443,172</b>	<b>529,046</b>
<b>Expenditures</b>								
Salaries and wages	19,569,143	18,669,522	4,359,437	4,187,520	1,752,262	1,735,440	2,434,276	2,371,824
Interest on long-term debt	788,714	843,282	-	-	-	-	-	-
Materials, good and supplies	2,893,212	4,034,801	204,110	190,764	115,105	132,832	798,883	1,802,964
Contracted and general services	7,289,719	6,174,042	270,082	303,058	390,016	720,343	703,219	845,008
Rents and financial	152,622	209,006	14,023	14,628	1,513	1,390	-	-
External transfers	232,431	292,000	500	-	2,000	2,000	50,000	50,000
Amortization	8,819,784	8,387,388	-	268,191	269,125	-	4,379,602	4,195,063
Other	-	80,126	-	-	-	-	-	-
<b>Total expenditures</b>	<b>39,745,625</b>	<b>38,690,167</b>	<b>4,848,152</b>	<b>4,964,161</b>	<b>2,530,021</b>	<b>2,592,005</b>	<b>8,365,980</b>	<b>9,264,859</b>
<b>Net revenues</b>	<b>13,149,262</b>	<b>473,442</b>	<b>(4,728,911)</b>	<b>(4,855,738)</b>	<b>(1,053,850)</b>	<b>(1,337,459)</b>	<b>(7,922,808)</b>	<b>(8,735,813)</b>

The Corporation of the Town of Georgina  
**Segment Disclosures**

Year Ended December 31, 2010

Schedule 2

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Taxation	-	-	-	-	-	-	-	-
Grants	-	-	3,762,280	159,864	1,608,920	1,584,801	19,866	-
User fees and service charges	2,799,745	2,489,726	2,250,512	1,997,323	76,976	86,805	127,972	83,825
Licenses, permits and rent	-	-	38,115	42,145	-	-	-	-
Fine, penalties and interest	(600)	500	-	-	26,058	28,644	-	-
Other	2,067,995	274,487	244,279	162,765	7,479	33,855	2,380	-
<b>Total revenues</b>	<b>4,867,140</b>	<b>2,764,713</b>	<b>6,295,186</b>	<b>2,362,097</b>	<b>1,719,433</b>	<b>1,734,105</b>	<b>150,218</b>	<b>83,825</b>
<b>Expenditures</b>								
Salaries and wages	1,032,946	1,085,610	4,314,725	4,012,987	1,136,260	1,063,147	1,058,857	960,164
Interest on long-term debt	701,454	712,725	87,260	130,557	-	-	-	-
Materials, good and supplies	440,281	401,437	953,652	967,449	266,654	292,301	14,777	23,516
Contracted and general services	2,075,955	1,155,773	1,958,373	1,603,283	291,319	85,081	306,365	319,982
Rents and financial	35,411	92,773	33,828	30,857	1,982	1,924	-	-
External transfers	7,000	7,000	1,661,015	1,739,294	-	-	35,308	-
Amortization	2,539,786	2,419,181	1,159,856	1,133,741	168,273	126,007	-	-
Other	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,832,833</b>	<b>5,874,499</b>	<b>10,168,709</b>	<b>9,618,168</b>	<b>1,864,488</b>	<b>1,568,460</b>	<b>1,415,307</b>	<b>1,303,662</b>
<b>Annual surplus (deficit)</b>	<b>(1,965,693)</b>	<b>(3,109,786)</b>	<b>(3,873,523)</b>	<b>(7,256,071)</b>	<b>(145,055)</b>	<b>165,645</b>	<b>(1,265,089)</b>	<b>(1,219,837)</b>

The Corporation of the Town of Georgina  
**Segment Disclosures**

Year Ended December 31, 2010

Schedule 2

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Taxation	-	-	30,759,623	28,756,306	-	-
Grants	1,466,956	1,524,178	-	-	(1,546,340)	(1,521,294)
User fees and service charges	151,714	136,447	-	-	-	-
Licenses, permits and rent	43,677	43,885	-	-	-	-
Fine, penalties and interest	987,162	942,932	-	-	-	-
Other	5,961,534	444,400	-	-	-	-
<b>Total revenues</b>	<b>8,611,043</b>	<b>3,091,842</b>	<b>30,759,623</b>	<b>28,756,306</b>	<b>(1,546,340)</b>	<b>(1,521,294)</b>
<b>Expenditures</b>						
Salaries and wages	3,480,380	3,252,830	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	99,750	223,538	-	-	-	-
Contracted and general services	1,294,390	1,141,514	-	-	-	-
Rents and financial	65,865	67,434	-	-	-	-
External transfers	22,948	15,000	-	-	(1,546,340)	(1,521,294)
Amortization	303,142	245,205	-	-	-	-
Other	-	80,126	-	-	-	-
<b>Total expenditures</b>	<b>5,266,475</b>	<b>5,025,647</b>	<b>-</b>	<b>-</b>	<b>(1,546,340)</b>	<b>(1,521,294)</b>
<b>Annual surplus (deficit)</b>	<b>3,344,568</b>	<b>(1,933,805)</b>	<b>30,759,623</b>	<b>28,756,306</b>	<b>-</b>	<b>-</b>

**For information regarding the Town of Georgina's 2010 Consolidated Financial Statements, contact:**

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

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

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