

**The Corporation of the
Town of Georgina
Consolidated Financial Statements
For the year ended December 31, 2013**

Contents

Independent Auditor's Report	2
Consolidated Financial Statements	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Cash Flows	6
Statement of Changes in Net Financial Assets	7
Notes to the Financial Statements	8-21
Schedule 1- Tangible Capital Assets - Summary by Asset Category	22-23
Schedule 2 - Segment Disclosures - Service Bundle	24-26



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Independent Auditor's Report

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

We have audited the accompanying financial statements of **The Corporation of the Town of Georgina** which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of operations and accumulated surplus, consolidated statement of cash flows and consolidated statement of changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **The Corporation of the Town of Georgina** as at December 31, 2013 and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

June 25, 2014
Newmarket, Ontario

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

December 31

	<u>2013</u>	<u>2012</u>
	\$	\$
Financial assets		
Cash and cash equivalents (Note 6)	29,012,650	24,757,335
Taxes receivable	5,470,900	5,684,377
Water and sewer charges receivable	1,964,081	2,101,943
Accounts receivable (Note 7)	1,916,196	1,886,648
	<u>38,363,827</u>	<u>34,430,303</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	11,441,990	11,804,700
Deferred revenue - obligatory reserve funds (Note 9)	4,630,629	3,245,227
Employee future benefits payable (Note 10)	2,851,582	2,630,639
Long-term debt (Note 13)	13,476,053	14,108,734
	<u>32,400,254</u>	<u>31,789,300</u>
Net Financial Assets	<u>5,963,573</u>	<u>2,641,003</u>
Non-financial assets		
Inventory held for own use	170,207	254,452
Prepaid expenses and deposits	343,604	790,414
Tangible capital assets (Note 14 and Schedule 1)	349,441,107	353,407,244
	<u>349,954,918</u>	<u>354,452,110</u>
Accumulated surplus (Note 16)	<u>355,918,491</u>	<u>357,093,113</u>

Commitments, contractual obligations and contingencies (Note 15)

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

	2013		2012
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	33,374,800	33,469,811	32,780,116
User fees and service charges	6,890,560	6,904,571	6,446,038
Government grants and contributions (Note 11)	1,305,360	302,490	777,877
Fines, penalties and interest	1,142,050	955,796	1,121,241
Licenses and permits	839,500	919,975	679,076
Investment income	365,020	410,633	345,551
Revenue from other municipalities	545,010	645,271	941,746
Developer and customer contributions	-	-	171,058
Other	-	97,105	104,779
Developer contributions earned	1,965,010	906,110	995,000
Rents and concessions	102,300	119,762	90,938
Proceeds from insurance	-	1,218,259	-
Donations	36,800	53,713	37,436
Total revenues	<u>46,566,410</u>	<u>46,003,496</u>	<u>44,490,856</u>
Expenses			
Recreation and cultural services	11,161,050	14,021,961	12,707,570
Protection to persons and property	8,298,750	8,856,495	8,062,607
Transportation services	5,071,270	9,957,078	10,037,654
General government	5,278,920	5,238,120	5,037,956
Environmental services	4,519,500	6,760,463	6,890,045
Planning and development services	1,984,600	1,760,482	2,340,707
Health services	28,200	96,167	92,675
Social and family services	271,100	314,978	240,322
Total expenses	<u>36,613,390</u>	<u>47,005,744</u>	<u>45,409,536</u>
Net revenues (expenses)	9,953,020	(1,002,248)	(918,680)
Loss on disposal of tangible capital assets	-	(172,374)	(855,383)
Annual surplus (deficit)	<u>9,953,020</u>	\$ (1,174,622)	(1,774,063)
Accumulated surplus, beginning of year		<u>357,093,113</u>	<u>358,867,176</u>
Accumulated surplus, end of year		<u>355,918,491</u>	<u>357,093,113</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>2013</u>	<u>2012</u>
	\$	\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual deficit	(1,174,622)	(1,774,063)
Amortization expense	10,596,536	10,224,588
Loss on disposal of tangible capital assets	172,374	855,383
Changes in non-cash item balances		
Taxes receivable	213,477	958,908
Water and sewer charges receivable	137,862	(92,992)
Accounts receivable	(29,548)	1,207,242
Inventory held for own use	84,245	(19,072)
Prepaid expenses	446,810	109,076
Accounts payable and accrued liabilities	(362,710)	(1,395,393)
Deferred revenue - obligatory reserve funds	1,385,402	1,130,080
Employee future benefits payable	220,943	(305,942)
Cash provided by operating activities	<u>11,690,769</u>	<u>10,897,815</u>
Capital activities		
Acquisition of tangible capital assets	(6,853,273)	(5,381,868)
Proceeds on disposal of tangible capital assets	50,500	155,971
Cash provided by capital activities	<u>(6,802,773)</u>	<u>(5,225,897)</u>
Financing activities		
Principal repayment on long-term debt	(1,447,681)	(1,273,302)
Mortgage payable	815,000	1,450,000
Cash provided by financing activities	<u>(632,681)</u>	<u>176,698</u>
Net change in cash and cash equivalents	4,255,315	5,848,616
Cash and cash equivalents, beginning of year	<u>24,757,335</u>	<u>18,908,719</u>
Cash and cash equivalents, end of year	<u>29,012,650</u>	<u>24,757,335</u>

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

	<u>2013</u>	<u>2013</u>	<u>2012</u>
	Budget		
	\$	\$	\$
Annual surplus (deficit)	<u>9,953,020</u>	<u>(1,174,622)</u>	<u>(1,774,063)</u>
Acquisition of tangible capital assets	(11,422,980)	(6,853,273)	(5,381,868)
Proceeds on disposal of tangible capital assets		50,500	155,971
Loss on disposal of tangible capital assets		172,374	855,383
Amortization of tangible capital assets	<u>10,596,536</u>	<u>10,596,536</u>	<u>10,224,588</u>
	<u>(826,444)</u>	<u>3,966,137</u>	<u>5,854,074</u>
Changes in inventory held for use	-	84,245	(19,072)
Changes in prepaid expenses	-	446,810	109,076
	<u>-</u>	<u>531,055</u>	<u>90,004</u>
Change in net financial assets	9,126,576	3,322,570	4,170,015
Net debt, beginning of year	<u>2,641,003</u>	<u>2,641,003</u>	<u>(1,529,012)</u>
Net financial assets, end of year	<u>11,767,579</u>	<u>5,963,573</u>	<u>2,641,003</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

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

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

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

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

Cash and cash equivalents

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

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, 2013

1. Summary of significant accounting policies (continued)

Contribution of tangible capital assets

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

Interest capitalization

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

Leases

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

Employee future benefits payable

Vacation entitlements are accrued for as entitlements are earned.

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

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

Pension Plan

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

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 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.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

1. Summary of significant accounting policies (continued)

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. 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. 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. Change in accounting policy

Effective January 1, 2013, the Municipality adopted the revised Public Sector Accounting Standard Section PS 3410 Government Transfers and Section PS 3510 Tax Revenue. These changes in accounting policies have been made in accordance with the transitional provisions of the standards which are to be applied either retroactively or prospectively. The Municipality has chosen to apply these revised standards prospectively. For PS 3410, there has been no effect on the consolidated financial statements. For PS 3510, supplemental taxes of \$58,000 have been recorded as tax revenue.

3. Budget reconciliation

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

	Revenue	Expenses
	\$	\$
Council approved budget:		
Operating fund	54,730,540	54,730,540
Capital budget carried over from previous years	10,077,410	13,392,410
Total Council approved budget	64,807,950	68,122,950
Less: Consolidation adjustments	(9,674,480)	(9,643,420)
Less: PSAB adjustments	(8,567,060)	(9,339,680)
Less: Tangible capital assets capitalized	-	(12,526,460)
Adjusted budget per consolidated statement of operations	46,566,410	36,613,390

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

4. Trust fund

The Trust fund administered by the Town amounting to \$574,575 (2012 - \$539,257) 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 2013, 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>2013</u>	<u>2012</u>
	\$	\$
School boards	14,552,771	14,374,110
Region of York	23,749,624	23,577,215
	<u>38,302,395</u>	<u>37,951,325</u>

6. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 9)	1,330,247	412,774
Unrestricted and undesignated	27,682,403	24,344,561
	<u>29,012,650</u>	<u>24,757,335</u>

7. Accounts receivable

	<u>2013</u>	<u>2012</u>
	\$	\$
Government entities	1,073,682	1,495,003
Trade and other receivables	939,678	487,177
	<u>2,013,360</u>	<u>1,982,180</u>
Less: allowance for doubtful accounts	<u>(97,164)</u>	<u>(95,532)</u>
	<u>1,916,196</u>	<u>1,886,648</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

8. Accounts payable and accrued liabilities

	<u>2013</u>	<u>2012</u>
	\$	\$
Trade payables and accruals	6,422,813	7,455,481
School boards	182,898	28,516
Region of York	3,615,274	2,553,965
Interest on long-term debt	146,594	155,173
Payroll	1,074,411	1,611,565
	<u>11,441,990</u>	<u>11,804,700</u>

9. Deferred revenue - obligatory reserve funds

	<u>2013</u>	<u>2012</u>
	\$	\$
Development charge reserve funds	878,098	16,890
Subdivider contributions	107,024	103,366
Recreational land dedicated under the Planning Act	345,125	292,518
Gas tax grant	3,300,382	2,832,453
	<u>4,630,629</u>	<u>3,245,227</u>

Continuity of obligatory reserve funds

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance at the beginning of the year	3,245,227	2,115,147
Development charge collections	934,569	1,238,251
Gas tax grant	1,298,964	1,298,964
Investment income	60,478	47,559
Tangible capital assets acquisitions and construction	(908,609)	(1,454,694)
Balance at the end of the year	<u>4,630,629</u>	<u>3,245,227</u>

10. Employee future benefits payable

Under the provisions of certain employee benefits plans, an employee who has achieved the appropriate factor as determined by OMERS, is eligible for a retirement pension from OMERS, and is under the age of 65 years will be provided with extended health coverage (drug, vision and dental plan). The Town contributes 100% of the insurance premium obligated under this plan.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial valuation report was prepared as at December 31, 2013.

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

10. Employee future benefits payable (continued)

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

	<u>2013</u>	<u>2012</u>
	\$	\$
Employee other future benefits	1,246,800	1,264,273
Vacation pay	1,604,782	1,366,366
	<u>2,851,582</u>	<u>2,630,639</u>

Total other benefit payments to retirees during the year were \$118,741(2012 - \$66,271). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Accrued benefits obligation	1,255,813	1,186,413
Unamortized actuarial gain	(9,013)	77,860
Employee future benefits payable	<u>1,246,800</u>	<u>1,264,273</u>

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

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance, beginning of the year	1,264,273	1,232,771
Annual amortization of actuarial gains	(11,191)	(11,191)
Current period service cost	54,738	52,131
Interest cost	57,721	56,833
Benefits paid for the period	(118,741)	(66,271)
Balance, end of the year	<u>1,246,800</u>	<u>1,264,273</u>

Significant assumptions used are as follows:

	<u>2013</u>	<u>2012</u>
Expected average remaining service life in years	16.9	14.7
Employees future benefits payable as at December 31		
<i>Interest (discount) rate</i>	5%	5%
Benefits cost for the year ended December 31		
<i>Interest (discount) rate</i>	5%	5%
<i>Dental costs</i>	4.5%	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	2025	2017

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

11. Government grants and contributions

	<u>2013</u>	<u>2012</u>
	\$	\$
Federal	64,177	508,332
Provincial	<u>238,313</u>	<u>269,545</u>
	<u>302,490</u>	<u>777,877</u>

12 Insurance coverage

The Town is self insured for insurance claims up to \$10,000 for property, liability, automobile, Councillor's accident, and volunteers for any individual claim and for any number of claims arising out of a single occurrence. Claim costs during the year amounted to \$78,917 (2012 - \$58,418).

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, 2013 these reserves had a balance of \$22,160 (2012 – adverse balance of \$57,040).

13. Long-term debt

The long-term debt issued in the name of the Town, has been approved by by-law. The annual principal and interest payments required to service these debts are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The balance of long-term debt reported on the consolidated statement of financial position is made up of the following:

<u>Purpose</u>	<u>Rates</u>	<u>Maturity in</u>	<u>2013</u>	<u>2012</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	<u>12,004,386</u>	12,658,734
Mortgage payable	0.00%	2018	<u>1,471,667</u>	<u>1,450,000</u>
			<u>13,476,053</u>	<u>14,108,734</u>

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

	\$
2014	1,207,504
2015	968,844
2016	1,003,439
2017	1,039,698
2018	1,027,703
2019 and thereafter	<u>8,228,865</u>
	<u>13,476,053</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

13. Long-term debt (continued)

The Town is contingently liable for the tile drainage loans as at December 31, 2013 of \$2,760 (2012 - \$5,315). 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 \$585,953 (2012 - \$641,275). Interest paid during the year is \$594,361.

Of the \$13,476,053 long-term debt (2012 - \$14,108,734) 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>2013</u>	<u>2012</u>
	\$	\$
General revenues	-	-
Water/Wastewater user charges	<u>12,004,386</u>	<u>12,658,734</u>
	<u>12,004,386</u>	<u>12,658,734</u>

In 2013, the Town purchased a parcel of land and fully funded the acquisition through discretionary and obligatory reserves. The Town also entered into a mortgage agreement with the vendor, bearing 0% interest.

The balance of mortgage payable in the amount of \$1,471,667 is reported on the consolidated statement of financial position.

14. Tangible capital assets

Schedule 1 provides information on the cost and accumulated amortization of tangible capital assets of the Town by major asset category.

Assets under construction

Assets under construction and other capital work in progress having a value of \$549,959 (2012 - \$21,555) 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 \$3,373 (2012 - \$171,058), which includes contribution from developers in the amount of \$ nil (2012 - \$ nil).

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

15. Commitments, contractual obligations and contingencies

Commitments

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

	\$
2014	1,640
2015	<u>1,640</u>
	<u>3,280</u>

Contractual obligations

The Town has the following contractual obligations at December 31, 2013:

- a) The Town also entered into a multiple-year contract for delivery of services with respect to waste collection. The total purchase commitment from such contract amounted to approximately \$1,368,363 of which expenses of approximately \$95,000 were outstanding as at December 31, 2013.
- 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 which is outstanding as at December 31, 2013.

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, 2013

16. Accumulated surplus

The accumulated surplus is comprised of the following:

	<u>2013</u>	<u>2012</u>
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	4,606,567	3,837,990
Recreation and cultural programs and facilities	99,374	74,719
Working capital	905,272	905,273
Waste disposal	23,345	23,345
Health services	77,366	78,761
Roadways	150,002	150,002
Protective inspections	160,933	232,336
General government	1,129,379	904,020
Insurance	22,160	(57,040)
Planning and development	239,437	355,226
Contingencies	1,086,922	1,807,263
Parks	7,072	7,072
Libraries	45,390	40,390
Green initiatives	357,840	332,840
Acquisition of capital assets	9,044,570	8,503,464
Cemeteries	69,698	62,898
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	39,873	22,894
Repayment of water and sewer debentures	1,757,113	1,229,239
Water and sewer system capital expenditures	3,762,609	2,816,391
Allocation fees	42,000	42,000
Total reserves	<u>23,726,922</u>	<u>21,469,085</u>
Surpluses		
Invested in tangible capital assets (Schedule 1)	349,441,107	353,407,244
Less: amount financed by long-term debt (Note 13)	(13,476,053)	(14,108,734)
Operating deficit	(921,903)	(1,043,843)
Employee future benefits (Note 10)	(2,851,582)	(2,630,639)
Total surpluses	<u>332,191,569</u>	<u>335,624,028</u>
Accumulated surplus	<u>355,918,491</u>	<u>357,093,113</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

17. Pension agreements

OMERS provides pension services to more than 439,528 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2013. The results of this valuation disclosed total actuarial liabilities of \$73,004 million in respect of benefits accrued for service with actuarial assets at that date of \$64,363 million indicating an actuarial deficit of \$8,641 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 2013 ranged from 8.3% to 13.9% (2012 - 8.3% to 13.9%) depending on the proposed retirement age and level of earnings. As a result \$1,730,555 (2012 - \$1,378,064) was contributed to OMERS for current year services.

18. Segmented information

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

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

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

Fire & emergency services

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

Protective inspection and control

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2013

18. Segmented information (continued)

Roads, sidewalks, bridges and public works

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

Water, wastewater and solid waste

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

Leisure programs, events and facilities

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

Library services

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

Planning & development

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

Corporate governance and management

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

Taxation revenue

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

19. Subsequent event

On April 28, 2014 the Town received a supplemental assessment from our previous insurance carrier – Ontario Municipal Insurance Exchange (OMEX). This assessment was the result of growing damage awards and larger resulting settlements for the period 2002 to 2011. The supplemental assessment, in the amount of \$461,899 plus 8% PST, for a total of \$498,851 is due January 2015.

The Corporation of the Town of Georgina
Tangible Capital Assets - Summary by Asset Category
 December 31, 2013

Schedule 1

	2 0 1 3								
	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	31,881,153	1,333,468	-	33,214,621	-	-	-	-	33,214,621
Building	35,337,655	1,800,467	(108,358)	37,029,764	10,148,190	1,017,160	(1,103)	11,164,247	25,865,517
Machinery and equipment	10,534,362	1,064,009	(162,161)	11,436,210	3,827,590	752,321	(102,542)	4,477,369	6,958,841
Vehicles	6,394,863	295,929	(218,955)	6,471,837	4,080,144	550,383	(218,955)	4,411,572	2,060,265
Information technology	1,262,876	429,722	(345,244)	1,347,354	828,691	206,169	(345,244)	689,616	657,738
Library collections	1,189,631	178,360	(116,919)	1,251,072	571,615	175,769	(116,919)	630,465	620,607
	86,600,540	5,101,955	(951,637)	90,750,858	19,456,230	2,701,802	(784,763)	21,373,269	69,377,589
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	23,028,946	143,425	(140,000)	23,032,371	9,624,526	956,498	(84,000)	10,497,024	12,535,347
Transportation networks	144,635,637	1,079,489	-	145,715,126	45,362,236	4,495,641	-	49,857,877	95,857,249
Pumping stations	9,768,562	-	-	9,768,562	3,422,075	279,841	-	3,701,916	6,066,646
Sanitary sewer assets	82,786,756	-	-	82,786,756	14,616,669	925,251	-	15,541,920	67,244,836
Storm sewer assets	29,595,015	-	-	29,595,015	3,633,538	400,923	-	4,034,461	25,560,554
Water linear assets	70,785,050	-	-	70,785,050	12,542,203	836,580	-	13,378,783	57,406,267
	375,442,626	1,222,914	(140,000)	376,525,540	89,201,247	7,894,734	(84,000)	97,011,981	279,513,559
Assets under construction	21,555	528,404		549,959					549,959
Total capital assets	462,064,721	6,853,273	(1,091,637)	467,826,357	108,657,477	10,596,536	(868,763)	118,385,250	349,441,107

The Corporation of the Town of Georgina
Tangible Capital Assets - Summary by Asset Category
December 31, 2013

Schedule 1

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

The Corporation of the Town of Georgina

Segment Disclosures

Year Ended December 31, 2013

Schedule 2

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	33,469,811	32,780,116	-	-	-	-	-	-
Grants	302,490	777,877	-	-	9,762	8,495	4,922	3,915
User fees and service charges	6,904,571	6,446,039	23,955	21,080	124,113	80,080	516,143	409,760
Licenses, permits and rent	1,039,737	770,014	-	-	886,120	645,875	-	-
Fine, penalties and interest	955,796	1,082,221	-	-	132,338	165,428	-	-
Other	3,331,091	2,634,589	-	-	275,552	251,735	988,512	109,744
Total revenues	46,003,496	44,490,856	23,955	21,080	1,427,885	1,151,612	1,509,577	523,419
Expenses								
Salaries and wages	24,305,627	22,033,809	5,364,838	4,861,130	2,071,588	1,904,285	3,008,889	2,674,910
Interest on long-term debt	585,953	641,275	-	-	-	-	-	-
Materials, good and supplies	3,702,625	2,661,028	241,048	209,194	127,914	117,642	1,512,308	569,732
Contracted and general services	7,470,343	9,463,380	291,902	265,152	434,265	382,445	529,172	2,134,936
Rents and financial	130,409	171,446	-	-	1,077	1,045	-	-
External transfers	214,251	214,010	-	500	1,955	643	50,000	68,000
Amortization	10,596,536	10,224,588	313,948	320,571	7,961	-	4,856,709	4,590,076
Other	-	-	-	-	-	-	-	-
Total expenses	47,005,744	45,409,536	6,211,736	5,656,547	2,644,760	2,406,060	9,957,078	10,037,654
Net revenues (expenses)	(1,002,248)	(918,680)	(6,187,781)	(5,635,467)	(1,216,875)	(1,254,448)	(8,447,501)	(9,514,235)

The Corporation of the Town of Georgina

Segment Disclosures

Year Ended December 31, 2013

Schedule 2

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	-	-
Grants	-	-	31,547	46,640	1,944,569	1,785,064	8,442	30,652
User fees and service charges	3,167,077	3,060,382	2,538,201	2,377,026	78,830	61,387	218,934	230,358
Licenses, permits and rent	-	-	112,429	90,938	-	-	-	-
Fine, penalties and interest	-	-	-	-	24,391	29,004	-	-
Other	295,832	308,314	1,364,182	1,114,176	6,382	6,279	-	297,806
Total revenues	3,462,909	3,368,696	4,046,359	3,628,780	2,054,172	1,881,734	227,376	558,816
Expenses								
Salaries and wages	1,135,707	1,033,086	6,399,153	5,687,061	1,416,953	1,268,233	1,290,736	1,272,165
Interest on long-term debt	585,953	616,383	-	24,892	-	-	-	-
Materials, good and supplies	255,005	265,207	1,450,342	1,378,066	95,593	87,129	16,916	18,727
Contracted and general services	2,208,446	2,386,347	2,169,897	1,872,810	239,067	240,896	386,500	985,322
Rents and financial	16,382	20,266	38,398	28,613	1,405	1,379	-	-
External transfers	5,000	7,000	1,996,456	1,820,635	-	-	41,550	39,712
Amortization	2,553,970	2,561,756	2,285,132	2,152,031	221,418	201,302	24,781	24,781
Other	-	-	-	-	-	-	-	-
Total expenses	6,760,463	6,890,045	14,339,378	12,964,108	1,974,436	1,798,939	1,760,483	2,340,707
Net revenues (expenses)	(3,297,554)	(3,521,349)	(10,293,019)	(9,335,328)	79,736	82,795	(1,533,107)	(1,781,891)

The Corporation of the Town of Georgina

Segment Disclosures

Year Ended December 31, 2013

Schedule 2

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation	-	-	33,469,811	32,780,116	-	-
Grants	183,959	625,592	-	-	(1,880,710)	(1,722,480)
User fees and service charges	237,318	205,966	-	-	-	-
Licenses, permits and rent	41,188	33,200	-	-	-	-
Fine, penalties and interest	799,068	887,790	-	-	-	-
Other	400,631	546,536	-	-	-	-
Total revenues	1,662,164	2,299,083	33,469,811	32,780,116	(1,880,710)	(1,722,480)
Expenses						
Salaries and wages	3,617,763	3,332,939	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	3,499	15,331	-	-	-	-
Contracted and general services	1,211,094	1,195,472	-	-	-	-
Rents and financial	73,147	120,143	-	-	-	-
External transfers	-	-	-	-	(1,880,710)	(1,722,480)
Amortization	332,617	374,071	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	5,238,120	5,037,956	-	-	(1,880,710)	(1,722,480)
Net revenue (expenses)	(3,575,956)	(2,738,873)	33,469,811	32,780,116	-	-