

**The Corporation of the
Town of Georgina
Consolidated Financial Statements
Year ended December 31, 2014**

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Tel: 905 898 1221
Fax: 905 898 0028
Toll-Free: 866 275 8836
www.bdo.ca

BDO Canada LLP
The Gates of York Plaza
17310 Yonge Street, Unit 11
Newmarket ON L3Y 7R9 Canada

Independent Auditor's Report

To the Mayor and Councilors 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 statement of financial position as at December 31, 2014, and the statement of operations and accumulated surplus, statement of cash flows and 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, 2014 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 Professional Accountants, Licensed Public Accountants

June 24, 2015
Newmarket, Ontario

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

December 31

	<u>2014</u>	<u>2013</u>
	\$	\$
Financial assets		
Cash and cash equivalents (Note 5)	34,544,499	29,010,753
Taxes receivable (Note 6)	5,728,376	5,470,900
Water and sewer charges receivable	1,804,196	1,964,081
Accounts receivable (Note 7)	2,799,798	1,916,196
	<u>44,876,869</u>	<u>38,361,930</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	14,348,621	11,474,966
Deferred revenue - obligatory reserve funds (Note 9)	6,583,499	4,630,629
Employee future benefits payable (Note 10)	2,907,887	2,851,582
Long-term debt (Note 13)	12,318,549	13,476,053
	<u>36,158,556</u>	<u>32,433,230</u>
Net Financial Assets	<u>8,718,313</u>	<u>5,928,700</u>
Non-financial assets		
Inventory held for own use	256,466	205,080
Prepaid expenses and deposits	490,652	343,604
Tangible capital assets (Note 14 and Schedule 1)	347,610,775	349,441,107
	<u>348,357,893</u>	<u>349,989,791</u>
Accumulated surplus (Note 16)	<u>357,076,206</u>	<u>355,918,491</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

	2014		2013
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	34,179,390	34,335,504	33,469,811
User fees and service charges	7,420,560	7,324,124	6,904,571
Government grants and contributions (Note 11)	324,770	389,633	302,490
Fines, penalties and interest	1,000,500	1,076,847	955,796
Licenses and permits	932,000	1,009,547	919,975
Investment income	395,240	479,602	410,633
Revenue from other municipalities	953,550	1,256,576	645,271
Other	-	190,778	97,105
Other - Vested properties	-	4,195,500	-
Developer contributions earned	1,443,030	1,024,504	906,110
Rents and concessions	160,520	112,480	119,762
Proceeds from insurance	-	65,309	1,218,259
Donations	46,800	93,499	53,713
Total revenues	<u>46,856,360</u>	<u>51,553,903</u>	<u>46,003,496</u>
Expenses			
Recreation and cultural services	11,647,370	14,417,260	14,021,961
Protection to persons and property	8,580,800	9,152,461	8,856,495
Transportation services	5,680,720	10,994,570	9,957,078
General government	5,741,430	6,382,469	5,238,120
Environmental services	4,463,110	7,212,626	6,760,463
Planning and development services	1,880,100	1,807,690	1,760,482
Health services	21,100	89,692	96,167
Social and family services	280,000	329,937	314,978
Total expenses	<u>38,294,630</u>	<u>50,386,705</u>	<u>47,005,744</u>
Net revenues (expenses)	8,561,730	1,167,198	(1,002,248)
Loss on disposal of tangible capital assets	-	(9,483)	(172,374)
Annual surplus (deficit)	<u>8,561,730</u>	\$ 1,157,715	\$ (1,174,622)
Accumulated surplus, beginning of year		<u>355,918,491</u>	<u>357,093,113</u>
Accumulated surplus, end of year		<u>357,076,206</u>	<u>355,918,491</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>2014</u>	<u>2013</u>
	\$	\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus (deficit)	1,157,715	(1,174,622)
Amortization expense	10,790,268	10,596,536
Loss on disposal of tangible capital assets	9,483	172,374
Changes in non-cash item balances		
Taxes receivable	(257,476)	213,477
Water and sewer charges receivable	159,885	137,862
Accounts receivable	(883,602)	(29,548)
Inventory held for own use	(51,386)	49,372
Prepaid expenses	(147,048)	446,810
Accounts payable and accrued liabilities	2,873,655	(329,734)
Deferred revenue - obligatory reserve funds	1,952,870	1,385,402
Employee future benefits payable	56,305	220,943
Cash provided by operating activities	<u>15,660,669</u>	<u>11,688,872</u>
Capital activities		
Acquisition of tangible capital assets	(8,969,419)	(6,853,273)
Proceeds on disposal of tangible capital assets	-	50,500
Cash provided by capital activities	<u>(8,969,419)</u>	<u>(6,802,773)</u>
Financing activities		
Principal repayment on long-term debt	(1,207,504)	(1,447,681)
Mortgage payable and tile drainage loan	50,000	815,000
Cash provided by financing activities	<u>(1,157,504)</u>	<u>(632,681)</u>
Net change in cash and cash equivalents	5,533,745	4,253,418
Cash and cash equivalents, beginning of year	<u>29,010,753</u>	<u>24,757,335</u>
Cash and cash equivalents, end of year	<u>34,544,499</u>	<u>29,010,753</u>

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

	<u>2014</u>	<u>2014</u>	<u>2013</u>
	Budget		
	\$	\$	\$
Annual surplus (deficit)	<u>8,561,730</u>	<u>1,157,715</u>	<u>(1,174,622)</u>
Acquisition of tangible capital assets	(9,865,470)	(8,969,419)	(6,853,273)
Proceeds on disposal of tangible capital assets	-	-	50,500
Loss on disposal of tangible capital assets	-	9,483	172,374
Amortization of tangible capital assets	<u>10,790,268</u>	<u>10,790,268</u>	<u>10,596,536</u>
	<u>924,798</u>	<u>1,830,332</u>	<u>3,966,137</u>
Changes in inventory held for use	-	(51,386)	49,372
Changes in prepaid expenses	-	(147,048)	446,810
	<u>-</u>	<u>(198,434)</u>	<u>496,182</u>
Change in net financial assets	9,486,528	2,789,613	3,287,697
Net financial assets, beginning of year	<u>5,928,700</u>	<u>5,928,700</u>	<u>2,641,003</u>
Net financial assets, end of year	<u>15,415,228</u>	<u>8,718,313</u>	<u>5,928,700</u>

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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. Budget reconciliation

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

	<u>Revenue</u>	<u>Expenses</u>
	\$	\$
Council approved budget:		
Operating fund	53,994,080	53,994,080
Capital budget carried over from previous years	<u>8,004,400</u>	<u>9,865,470</u>
Total Council approved budget	61,998,480	63,859,550
Less: Consolidation adjustments	(8,719,400)	(7,980,420)
Less: PSAB adjustments	(6,422,720)	(8,293,110)
Less: Tangible capital assets capitalized	<u>-</u>	<u>(9,291,390)</u>
Adjusted budget per consolidated statement of operations	<u>46,856,360</u>	<u>38,294,630</u>

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

December 31, 2014

3. Trust fund

The Trust fund administered by the Town amounting to \$602,172 (2013 - \$574,575) 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 2014, 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>2014</u>	<u>2013</u>
	\$	\$
School boards	14,578,250	14,552,771
Region of York	<u>23,716,648</u>	<u>23,749,624</u>
	<u>38,294,898</u>	<u>38,302,395</u>

5. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 9)	6,583,499	4,630,629
Unrestricted and undesignated	<u>27,961,000</u>	<u>24,380,124</u>
	<u>34,544,499</u>	<u>29,010,753</u>

6. Taxes receivable

	<u>2014</u>	<u>2013</u>
	\$	\$
Current year	4,104,702	4,069,750
Arrears previous years	<u>2,195,470</u>	<u>1,825,063</u>
	6,300,172	5,894,813
Less: allowance	<u>(571,796)</u>	<u>(423,913)</u>
	<u>5,728,376</u>	<u>5,470,900</u>

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

December 31, 2014

7. Accounts receivable

	<u>2014</u>	<u>2013</u>
	\$	\$
Government entities	977,524	1,073,682
Trade and other receivables	<u>1,919,438</u>	<u>939,678</u>
	2,896,962	2,013,360
Less: allowance	<u>(97,164)</u>	<u>(97,164)</u>
	<u>2,799,798</u>	<u>1,916,196</u>

8. Accounts payable and accrued liabilities

	<u>2014</u>	<u>2013</u>
	\$	\$
Trade payables and accruals	10,809,802	6,443,215
School boards	(78,032)	182,898
Region of York	2,297,651	3,615,274
Interest on long-term debt	137,781	146,594
Payroll	<u>1,181,419</u>	<u>1,086,985</u>
	<u>14,348,621</u>	<u>11,474,966</u>

9. Deferred revenue - obligatory reserve funds

	<u>2014</u>	<u>2013</u>
	\$	\$
Development charge reserve funds	1,933,307	878,098
Subdivider contributions	109,260	107,024
Recreational land dedicated under the Planning Act	548,137	345,125
Gas tax grant	<u>3,992,795</u>	<u>3,300,382</u>
	<u>6,583,499</u>	<u>4,630,629</u>

Continuity of obligatory reserve funds

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance at the beginning of the year	4,630,629	3,245,227
Development charge collections	1,630,842	934,569
Gas tax grant	1,294,757	1,298,964
Investment income	51,775	60,478
Tangible capital assets acquisitions and construction	<u>(1,024,504)</u>	<u>(908,609)</u>
Balance at the end of the year	<u>6,583,499</u>	<u>4,630,629</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, 2014.

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

December 31, 2014

10. Employee future benefits payable (continued)

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Employee other future benefits	1,258,653	1,246,800
Vacation pay	1,649,234	1,604,782
	<u>2,907,887</u>	<u>2,851,582</u>

Total other benefit payments to retirees during the year were \$101,117 (2013 - \$118,741). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Accrued benefits obligation	1,630,837	1,255,813
Unamortized actuarial gain	(372,184)	(9,013)
Employee future benefits payable	<u>1,258,653</u>	<u>1,246,800</u>

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance, beginning of the year	1,246,800	1,264,273
Annual amortization of actuarial gains	(6,713)	(11,191)
Current period service cost	57,967	54,738
Interest cost	61,716	57,721
Benefits paid for the period	<u>(101,117)</u>	<u>(118,741)</u>
Balance, end of the year	<u>1,258,653</u>	<u>1,246,800</u>

Significant assumptions used are as follows:

	<u>2014</u>	<u>2013</u>
Expected average remaining service life in years	17.1	16.9
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>	3%	5%
<i>Dental costs</i>	4.5%	4.5%
<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	2025

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

December 31, 2014

11. Government grants and contributions

	<u>2014</u>	<u>2013</u>
	\$	\$
Federal	103,783	64,177
Provincial	285,850	238,313
	<u>389,633</u>	<u>302,490</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 \$31,424 (2013 - \$78,917).

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, 2014 these reserves had a balance of (\$472,473) (2013 - \$22,160).

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>2014</u>	<u>2013</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	11,318,549	12,004,386
Tile Drainage Loan	0.00%	2021	50,000	-
Mortgage payable	0.00%	2018	950,000	1,471,667
			<u>12,318,549</u>	<u>13,476,053</u>

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

	\$
2015	975,638
2016	1,010,233
2017	1,046,492
2018	1,034,497
2019	874,331
2020 and thereafter	<u>7,377,358</u>
	<u>12,318,549</u>

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

December 31, 2014

13. Long-term debt (continued)

The Town is contingently liable for the tile drainage loans as at December 31, 2014 of \$50,000 (2013 - \$2,760).

Interest expense on long-term debt amounted to \$554,057 (2013 - \$585,953). Interest paid during the year is \$562,870.

Of the long-term debt \$12,268,549 (2013 - \$13,476,053) 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>2014</u>	<u>2013</u>
	\$	\$
Water/Wastewater user charges	<u>11,318,549</u>	<u>12,004,386</u>
	<u>11,318,549</u>	<u>12,004,386</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 \$950,000 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 \$2,172,634 (2013 - \$549,959) 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 \$4,250,232 (2013 - \$3,373), which includes contribution from developers in the amount of \$ nil (2013 - \$ 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, 2014

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 four years are as follows:

	\$
2015	41,181
2016	40,770
2017	39,540
2018	<u>16,475</u>
	<u>137,966</u>

Contractual obligations

The Town has the following contractual obligations at December 31, 2014:

- 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 \$1,359,305 of which expenses of approximately \$113,400 were outstanding as at December 31, 2014.
- 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 \$569,409 were outstanding as at December 31, 2014.

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, 2014

16. Accumulated surplus

The accumulated surplus is comprised of the following:

	<u>2014</u>	<u>2013</u>
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	5,735,402	4,606,567
Recreation and cultural programs and facilities	68,026	99,374
Working capital	1,170,273	905,272
Waste disposal	23,345	23,345
Health services	95,916	77,366
Roadways	156,042	150,002
Protective inspections	62,177	160,933
General government	1,160,279	1,129,379
Insurance	(472,473)	22,160
Planning and development	154,439	239,437
Contingencies	1,212,348	1,086,922
Parks	7,072	7,072
Libraries	29,752	45,390
Green initiatives	386,863	357,840
Acquisition of capital assets	10,487,514	9,044,570
Cemeteries	76,498	69,698
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	183,224	39,873
Repayment of water and sewer debentures	2,340,602	1,757,113
Water and sewer system capital expenses	3,476,831	3,762,609
Servicing allocation contribution	42,000	42,000
Total reserves	<u>26,496,130</u>	<u>23,726,922</u>
Surpluses		
Invested in tangible capital assets (Schedule 1)	347,610,775	349,441,107
Less: amount financed by long-term debt (Note 13)	(12,318,549)	(13,476,053)
Operating deficit	(1,804,263)	(921,903)
Employee future benefits (Note 10)	(2,907,887)	(2,851,582)
Total surpluses	<u>330,580,076</u>	<u>332,191,569</u>
Accumulated surplus	<u>357,076,206</u>	<u>355,918,491</u>

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
December 31, 2014

17. Pension agreements

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 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 2014 ranged from 8.3% to 13.9% (2013 - 8.3% to 13.9%) depending on the proposed retirement age and level of earnings. As a result \$1,711,110 (2013 - \$1,730,555) 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, 2014

18. Segmented information (continued)

Roads, sidewalks, bridges and public works

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

Water, wastewater and solid waste

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

Leisure programs, events and facilities

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

Library services

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

Planning & development

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

Corporate governance and management

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

Taxation revenue

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

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31, 2014

	2 0 1 4								Net Book Value
	Cost				Accumulated Amortization				
	Opening Balance	Additions/Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	33,214,621	4,226,000		37,440,621	-			-	37,440,621
Building	37,029,764	366,819	(8,178)	37,388,405	11,164,247	1,078,883	(8,178)	12,234,952	25,153,453
Machinery and equipment	11,436,210	1,313,005	(231,399)	12,517,816	4,477,369	775,138	(230,303)	5,022,204	7,495,612
Vehicles	6,471,837	49,879	(109,966)	6,411,750	4,411,572	500,586	(101,579)	4,810,579	1,601,171
Information technology	1,347,354	185,768	(173,496)	1,359,626	689,616	137,582	(173,496)	653,702	705,924
Library collections	1,251,072	172,439	(199,873)	1,223,638	630,465	178,198	(199,873)	608,790	614,848
	90,750,858	6,313,910	(722,912)	96,341,856	21,373,269	2,670,387	(713,429)	23,330,227	73,011,629
Infrastructure									
Land	14,842,660			14,842,660	-			-	14,842,660
Land improvements	23,032,371	844,344	(63,719)	23,812,996	10,497,024	977,170	(63,719)	11,410,475	12,402,521
Transportation networks	145,715,126	188,490		145,903,616	49,857,877	4,700,116		54,557,993	91,345,623
Pumping stations	9,768,562			9,768,562	3,701,916	279,841		3,981,757	5,786,805
Sanitary sewer assets	82,786,756			82,786,756	15,541,920	925,251		16,467,171	66,319,585
Storm sewer assets	29,595,015			29,595,015	4,034,461	400,923		4,435,384	25,159,631
Water linear assets	70,785,050			70,785,050	13,378,783	836,580		14,215,363	56,569,687
	376,525,540	1,032,834	(63,719)	377,494,655	97,011,981	8,119,881	(63,719)	105,068,143	272,426,512
Assets under construction	549,959	1,622,675		2,172,634	-	-	-	-	2,172,634
Total capital assets	467,826,357	8,969,419	(786,631)	476,009,145	118,385,250	10,790,268	(777,148)	128,398,370	347,610,775

The Corporation of the Town of Georgina

Schedule 1 -Tangible Capital Assets - Summary by Asset Category

December 31, 2014

	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/ Betterments	Disposals / Transfers	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
	<u>86,600,540</u>	<u>5,101,955</u>	<u>(951,637)</u>	<u>90,750,858</u>	<u>19,456,230</u>	<u>2,701,802</u>	<u>(784,763)</u>	<u>21,373,269</u>	<u>69,377,589</u>
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
	<u>375,442,626</u>	<u>1,222,914</u>	<u>(140,000)</u>	<u>376,525,540</u>	<u>89,201,247</u>	<u>7,894,734</u>	<u>(84,000)</u>	<u>97,011,981</u>	<u>279,513,559</u>
Assets under construction	<u>21,555</u>	<u>528,404</u>	<u>-</u>	<u>549,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,959</u>
Total capital assets	<u>462,064,721</u>	<u>6,853,273</u>	<u>(1,091,637)</u>	<u>467,826,357</u>	<u>108,657,477</u>	<u>10,596,536</u>	<u>(868,763)</u>	<u>118,385,250</u>	<u>349,441,107</u>

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2014

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	34,335,504	33,469,811	-	-	-	-	-	-
Grants	389,633	302,490	-	-	6,071	9,762	-	4,922
User fees and service charges	7,324,124	6,904,571	16,439	23,955	96,235	124,113	781,771	516,143
Licenses, permits and rent	1,122,027	1,039,737	-	-	972,556	886,120	-	-
Fine, penalties and interest	1,076,847	955,796	-	-	150,278	132,338	-	-
Other	7,305,768	3,331,091	-	-	290,834	275,552	582,913	988,512
Total revenues	51,553,903	46,003,496	16,439	23,955	1,515,974	1,427,885	1,364,684	1,509,577
Expenses								
Salaries and wages	25,552,458	24,305,627	5,574,491	5,364,838	2,077,497	2,071,588	3,381,035	3,008,889
Interest on long-term debt	507,313	585,953	-	-	-	-	-	-
Materials, good and supplies	4,285,729	3,702,625	271,651	241,048	160,761	127,914	1,638,188	1,512,308
Contracted and general services	8,897,838	7,470,343	319,656	291,902	490,079	434,265	869,574	529,172
Rents and financial	113,858	130,409	-	-	1,062	1,077	-	-
External transfers	239,241	214,251	-	-	2,206	1,955	55,000	50,000
Amortization	10,790,268	10,596,536	247,097	313,948	7,961	7,961	5,050,773	4,856,709
Other	-	-	-	-	-	-	-	-
Total expenses	50,386,705	47,005,744	6,412,895	6,211,736	2,739,566	2,644,760	10,994,570	9,957,078
Net revenues (expenses)	1,167,198	(1,002,248)	(6,396,456)	(6,187,781)	(1,223,592)	(1,216,875)	(9,629,886)	(8,447,501)

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2014

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	-	-
Grants	-	-	144,091	31,547	2,005,381	1,944,569	12,818	8,442
User fees and service charges	2,871,524	3,167,077	2,797,493	2,538,201	78,859	78,830	353,167	218,934
Licenses, permits and rent	-	-	94,147	112,429	-	-	-	-
Fine, penalties and interest	-	-	-	-	29,843	24,391	-	-
Other	198,618	295,832	706,538	1,364,182	8,304	6,382	691,029	-
Total revenues	3,070,142	3,462,909	3,742,269	4,046,359	2,122,387	2,054,172	1,057,014	227,376
Expenses								
Salaries and wages	1,199,131	1,135,707	6,624,404	6,399,153	1,383,157	1,416,953	1,324,920	1,290,736
Interest on long-term debt	507,313	585,953	-	-	-	-	-	-
Materials, good and supplies	310,918	255,005	1,739,177	1,450,342	105,626	95,593	10,981	16,916
Contracted and general services	2,619,577	2,208,446	1,967,685	2,169,897	238,901	239,067	376,417	386,500
Rents and financial	21,199	16,382	28,876	38,398	1,754	1,405	-	-
External transfers	-	5,000	2,058,925	1,996,456	-	-	65,900	41,550
Amortization	2,554,488	2,553,970	2,393,449	2,285,132	237,725	221,418	29,472	24,781
Other	-	-	-	-	-	-	-	-
Total expenses	7,212,626	6,760,463	14,812,516	14,339,378	1,967,163	1,974,436	1,807,690	1,760,483
Net revenues (expenses)	(4,142,484)	(3,297,554)	(11,070,247)	(10,293,019)	155,224	79,736	(750,676)	(1,533,107)

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2014

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation	-	-	34,335,504	33,469,811	-	-
Grants	164,062	183,959	-	-	(1,942,790)	(1,880,710)
User fees and service charges	328,635	237,318	-	-	-	-
Licenses, permits and rent	55,324	41,188	-	-	-	-
Fine, penalties and interest	896,726	799,068	-	-	-	-
Other	4,827,531	400,631	-	-	-	-
Total revenues	6,272,278	1,662,164	34,335,504	33,469,811	(1,942,790)	(1,880,710)
Expenses						
Salaries and wages	3,987,823	3,617,763	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Materials, good and supplies	48,427	3,499	-	-	-	-
Contracted and general services	2,015,949	1,211,094	-	-	-	-
Rents and financial	60,967	73,147	-	-	-	-
External transfers	-	-	-	-	(1,942,790)	(1,880,710)
Amortization	269,303	332,617	-	-	-	-
Other	-	-	-	-	-	-
Total expenses	6,382,469	5,238,120	-	-	(1,942,790)	(1,880,710)
Net revenue (expenses)	(110,191)	(3,575,956)	34,335,504	33,469,811	-	-