

The Corporation of the
Town of Georgina
Consolidated Financial Statements
Year ended December 31, 2020

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Georgina ("the Town"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020, and consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and
- obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Town audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2021
Newmarket, Ontario

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

December 31

	<u>2020</u>	<u>2019</u>
	\$	\$
Financial assets		
Cash and cash equivalents (Note 5)	24,322,109	29,676,463
Portfolio investments (Note 6)	37,023,057	35,839,173
Taxes receivable (Note 7)	8,812,206	7,049,160
Water and sewer charges receivable	3,938,768	3,103,613
Accounts receivable (Note 8)	3,305,505	2,897,679
	<u>77,401,645</u>	<u>78,566,088</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	13,231,383	12,378,316
Deferred revenue - obligatory reserve funds (Note 10)	20,452,015	17,858,662
Employee future benefits payable (Note 11)	4,253,687	4,605,570
Long-term debt (Note 14)	13,334,624	14,984,177
Deferred revenue	7,752,594	8,916,220
	<u>59,024,303</u>	<u>58,742,945</u>
Net Financial Assets	<u>18,377,342</u>	<u>19,823,143</u>
Non-financial assets		
Inventory held for own use	251,439	151,455
Prepaid expenses and deposits	419,269	184,061
Tangible capital assets (Note 15 and Schedule 1)	353,847,189	347,386,052
	<u>354,517,897</u>	<u>347,721,568</u>
Accumulated surplus (Note 17)	<u>372,895,239</u>	<u>367,544,711</u>

Contractual obligations and contingencies (Note 16)

The Corporation of the Town of Georgina
Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31

	2020		2019
	Budget (Note 2)	Actual	Actual
	\$	\$	\$
Revenues			
Taxation available for municipal purposes	47,609,880	47,508,968	45,473,615
User fees and service charges	11,106,440	8,445,136	10,443,158
Government grants and contributions (Note 12)	357,140	3,245,979	2,215,863
Fines, penalties and interest	1,124,100	1,268,138	1,317,956
Licenses and permits	1,064,000	1,398,649	1,357,722
Investment income	760,840	1,432,317	1,041,459
Revenue from other municipalities	721,540	824,097	739,783
Other	-	90,173	88,845
Federal Gas Tax earned	6,974,815	1,801,357	728,912
Developer contributions earned	913,313	402,032	145,726
Rents and concessions	349,300	217,967	217,248
Contributed tangible capital assets	34,300	2,389,957	2,826,991
Total revenues	<u>71,015,668</u>	<u>69,024,770</u>	<u>66,597,278</u>
Expenses			
Recreation and cultural services	19,000,552	15,629,456	17,965,233
Protection to persons and property	12,154,625	14,543,354	12,015,063
Transportation services	13,004,391	12,329,265	12,609,266
General government	9,252,812	9,206,071	9,310,613
Environmental services	9,631,133	9,527,739	9,130,729
Planning and development services	2,411,254	2,188,059	2,226,468
Health services	46,906	38,885	30,872
Social and family services	349,001	224,288	376,399
Total expenses	<u>65,850,674</u>	<u>63,687,117</u>	<u>63,664,643</u>
Net revenues	5,164,994	5,337,653	2,932,635
Gain on disposal of tangible capital assets	-	12,875	614,132
Annual surplus	\$ 5,164,994	\$ 5,350,528	\$ 3,546,767
Accumulated surplus, beginning of year		<u>367,544,711</u>	<u>363,997,944</u>
Accumulated surplus, end of year		<u>372,895,239</u>	<u>367,544,711</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>2020</u>	<u>2019</u>
	\$	\$
Cash and cash equivalents provided by (used in):		
Operating activities		
Annual surplus	5,350,528	3,546,767
Amortization expense	12,679,528	12,396,130
Gain on disposal of tangible capital assets	(12,875)	(614,132)
Changes in non-cash item balances		
Taxes receivable	(1,149,522)	(864,230)
Water and sewer charges receivable	(835,155)	(116,660)
Accounts receivable	(407,826)	768,156
Inventory held for own use	(99,984)	167,248
Prepaid expenses and deposits	(235,208)	785,381
Accounts payable and accrued liabilities	853,067	595,808
Deferred revenue - obligatory reserve funds	1,979,829	5,018,711
Deferred revenue	(1,163,626)	(53,640)
Employee future benefits payable	(351,883)	558,730
Cash provided by operating activities	<u>16,606,873</u>	<u>22,188,269</u>
Capital activities		
Acquisition of tangible capital assets	(19,200,453)	(12,363,671)
Proceeds from sale of tangible capital assets	72,663	960,712
Cash provided by capital activities	<u>(19,127,790)</u>	<u>(11,402,959)</u>
Investing activities		
Acquisition of portfolio investments	<u>(1,183,884)</u>	<u>(10,479,559)</u>
Financing activities		
Principal repayment on long-term debt	(1,649,553)	(1,015,966)
Mortgage payable and tile drainage loan	-	-
Issuance of long-term debt	-	6,000,000
Cash provided by financing activities	<u>(1,649,553)</u>	<u>4,984,034</u>
Net change in cash and cash equivalents	(5,354,354)	5,289,785
Cash and cash equivalents, beginning of year	<u>29,676,463</u>	<u>24,386,678</u>
Cash and cash equivalents, end of year	<u>24,322,109</u>	<u>29,676,463</u>

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

	2020	2020	2019
	Budget (Note 2)	Actual	
	\$	\$	\$
Annual surplus	5,164,994	5,350,528	3,546,767
Acquisition of tangible capital assets	(44,361,350)	(19,200,453)	(12,363,671)
Gain on disposal of tangible capital assets	-	(12,875)	(614,132)
Amortization of tangible capital assets	12,679,528	12,679,528	12,396,130
Proceeds on sale of tangible capital assets	-	72,663	960,712
	<u>(31,681,822)</u>	<u>(6,461,137)</u>	<u>379,039</u>
Changes in inventory held for use	-	(99,984)	167,248
Changes in prepaid expenses	-	(235,208)	785,381
	<u>-</u>	<u>(335,192)</u>	<u>952,629</u>
Change in net financial assets	-26,516,828	(1,445,801)	4,878,435
Net financial assets, beginning of year	<u>19,823,143</u>	<u>19,823,143</u>	<u>14,944,708</u>
Net financial assets, end of year	<u>-6,693,685</u>	<u>18,377,342</u>	<u>19,823,143</u>

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2020

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

1. Summary of significant accounting policies

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

Significant accounting policies adopted by the Town are as follows:

Reporting entity

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

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

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

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

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

Cash and cash equivalents

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

Portfolio investments

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

The Corporation of the Town of Georgina
Notes to the Consolidated Financial Statements
 December 31, 2020

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, 2020

1. Summary of significant accounting policies (continued)

Contribution of tangible capital assets

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

Interest capitalization

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

Leases

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

Employee future benefits payable

Vacation entitlements are accrued for as entitlements are earned.

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

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

Pension Plan

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

The Corporation of the Town of Georgina

Notes to the Consolidated Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

Deferred revenue - obligatory reserve funds

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

Reserves and reserve funds

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

Revenue recognition

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

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

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

Investment income

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

Government transfers

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

Use of estimates

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

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

December 31, 2020

1. Summary of significant accounting policies (continued)

Budget figures

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

2. Budget reconciliation

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

	<u>Revenue</u>	<u>Expenses</u>
	\$	\$
Council approved budget:		
Operating fund	147,366,548	144,965,367
Capital budget carried over from previous years	<u>2,001,764</u>	<u>4,402,944</u>
Total Council approved budget	149,368,312	149,368,311
Add: Amortization expense	-	12,679,528
Less: Consolidation adjustments	(59,482,630)	(13,063,180)
Less: PSAB adjustments	(18,870,014)	(16,684,304)
Less: Tangible capital assets capitalized	<u>-</u>	<u>(66,449,681)</u>
Adjusted budget per consolidated statement of operations	<u>71,015,668</u>	<u>65,850,674</u>

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

December 31, 2020

3. Trust fund

The Trust fund administered by the Town amounting to \$105,657 (2019 - \$96,490) 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 2020, 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>2020</u>	<u>2019</u>
	\$	\$
School boards	17,335,875	16,790,575
Region of York	28,614,207	<u>27,778,226</u>
	<u>45,950,082</u>	<u>44,568,801</u>

5. Cash and cash equivalents

Cash and cash equivalents are segregated as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Restricted - obligatory reserve funds (refer to Note 10)	19,838,491	17,858,662
Unrestricted and undesignated	4,483,618	<u>11,817,801</u>
	<u>24,322,109</u>	<u>29,676,463</u>

Included in cash and cash equivalents is a high interest saving account with interest rate of 1.36% and a balance of \$11,042,012 (2019 - \$20,758,322).

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

December 31, 2020

6. Portfolio investments

Portfolio investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
Bond Fund with the effective yield rate of 5.29% for the 2020 fiscal year	\$ 10,608,928	\$ 10,288,756
Universe Corporate Bond return on investment of 7.54% for the 2020 fiscal year	16,103,580	15,550,417
Equity Fund return on investment of 6.52% in 2020	<u>10,310,549</u>	<u>10,000,000</u>
	<u>37,023,057</u>	<u>35,839,173</u>

The market value of the bond and equity fund as of December 31, 2020 is \$39,766,462 (2019 - \$37,299,706).

7. Taxes receivable

	<u>2020</u>	<u>2019</u>
	\$	\$
Current year	4,709,223	4,771,837
Arrears previous years	<u>4,384,302</u>	<u>2,620,752</u>
	9,093,525	7,392,589
Less: allowance	<u>(281,319)</u>	<u>(343,429)</u>
	<u>8,812,206</u>	<u>7,049,160</u>

8. Accounts receivable

	<u>2020</u>	<u>2019</u>
	\$	\$
Government entities	1,807,524	1,196,971
Trade and other receivables	<u>1,664,150</u>	<u>1,866,877</u>
	3,471,674	3,063,848
Less: allowance	<u>(166,169)</u>	<u>(166,169)</u>
	<u>3,305,505</u>	<u>2,897,679</u>

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

December 31, 2020

9. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
	\$	\$
Trade payables and accruals	10,314,395	9,379,331
School boards	(185,606)	281,648
Region of York	91,034	496,171
Interest on long-term debt	112,006	125,072
Payroll	<u>2,899,554</u>	<u>2,096,093</u>
	<u>13,231,383</u>	<u>12,378,316</u>

10. Deferred revenue - obligatory reserve funds

	<u>2020</u>	<u>2019</u>
	\$	\$
Development charge reserve funds	11,747,673	9,602,693
Subdivider contributions	119,661	118,524
Recreational land dedicated under the Planning Act	2,211,155	2,015,687
Gas tax grant	<u>5,760,002</u>	<u>6,121,757</u>
	<u>19,838,491</u>	<u>17,858,662</u>

Continuity of obligatory reserve funds

	<u>2020</u>	<u>2019</u>
	\$	\$
Balance at the beginning of the year	17,858,662	12,839,951
Development charge collections	3,223,448	2,779,288
Gas tax grant	1,439,601	2,881,984
Investment income	133,693	232,077
Tangible capital assets acquisitions and construction	<u>(2,203,389)</u>	<u>(874,637)</u>
Balance at the end of the year	<u>20,452,015</u>	<u>17,858,662</u>

11. Employee future benefits payable

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

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial valuation report was prepared as at December 31, 2019.

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

December 31, 2020

11. Employee future benefits payable (continued)

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Employee other future benefits	2,390,805	2,253,915
Vacation pay	1,862,882	2,351,655
	<u>4,253,687</u>	<u>4,605,570</u>

Total other benefit payments to retirees during the year were \$102,550 (2019 - \$88,004). The plan is unfunded and requires no contributions from employees. The employee other future benefits liability at December 31 is as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Accrued benefits obligation	2,533,685	2,481,080
Unamortized actuarial gain	(142,880)	(227,165)
Employee future benefits payable	<u>2,390,805</u>	<u>2,253,915</u>

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Balance, beginning of the year	2,253,915	2,179,061
Annual amortization of actuarial gains	14,698	(20,302)
Current period service cost	154,571	114,189
Interest cost	70,171	68,971
Benefits paid for the period	(102,550)	(88,004)
Balance, end of the year	<u>2,390,805</u>	<u>2,253,915</u>

Significant assumptions used are as follows:

	<u>2020</u>	<u>2019</u>
Expected average remaining service life in years	17	17
Employees future benefits payable as at January 1 <i>Interest (discount) rate</i>	2.80%	3.50%
Benefits cost for the year ended December 31 <i>Interest (discount) rate</i>	3.00%	2.80%
<i>Dental costs</i>	4.50%	4.50%
<i>Health costs</i>		
- Initial rate	4.50%	4.50%

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

December 31, 2020

12. Government grants and contributions

	<u>2020</u>	<u>2019</u>
	\$	\$
Federal	211,722	283,205
Provincial	<u>3,034,257</u>	<u>1,932,658</u>
	<u>3,245,979</u>	<u>2,215,863</u>

13. Insurance coverage

The Town is self insured for insurance claims up to \$50,000 for property, liability and automobile, Councillor's accident, and volunteers for any individual claim and for any number of claims arising out of a single occurrence. Claim costs during the year amounted to \$26,466 (2019 - \$53,569).

14. 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>2020</u>	<u>2019</u>
			\$	\$
Willow Beach water and sewers	4.76%	2026	6,452,041	7,361,328
Streetlight Retrofit	8.07%	2026	1,450,333	1,622,849
Dalton Road Watermain	2.65%	2029	<u>5,432,250</u>	<u>6,000,000</u>
			<u>13,334,624</u>	<u>14,984,177</u>

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

	\$
2021	1,712,946
2022	1,788,565
2023	1,869,674
2024	1,956,719
2025	2,050,188
Thereafter	3,569,726
Interest to be earned on sinking funds	<u>386,806</u>
	<u>13,334,624</u>

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

December 31, 2020

14. Long-term debt (continued)

Interest expense on long-term debt amounted to \$637,645 (2019 - \$655,823). Interest paid during the year is \$650,711.

Of the long-term debt \$13,334,624 (2019 - \$14,984,177) 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>2020</u>	<u>2019</u>
	\$	\$
Water/Wastewater user charges	<u>11,884,291</u>	<u>13,361,328</u>

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

15. 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 \$16,294,841 (2019 - \$6,880,854) have not been amortized. Amortization of these assets will commence when the assets are put into service.

Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$2,357,710 (2019 - \$2,605,751), which includes contributions from developers in the amount of \$1,900,733 (2019 - \$1,839,000) 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, 2020

16. Contractual obligations and contingencies

Contractual obligations

The Town has the following contractual obligations at December 31, 2020:

- a) The Town has entered into a multiple-year contract for delivery of services with respect to waste collection. The total purchase commitment from such contract amounted to approximately \$1,872,072 of which expenses of approximately \$215,434 were outstanding as at December 31, 2020.
- b) In August 2018, the Town entered into a contract for animal control services for a period of two (2) years commencing January 1, 2019 at a cost of \$153,748 per year, to be indexed annually by inflation per the Consumer Price Index (CPI). The total purchase commitment of this contract amounts to approximately \$310,623 of which expenses of approximately \$72,296 were outstanding as at December 31, 2020.

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, 2020

17. Accumulated surplus

The accumulated surplus is comprised of the following:

	2020	2019
	\$	\$
Reserves set aside for specific purposes by Council		
Equipment replacement	7,445,839	6,454,524
Recreation and cultural programs and facilities	116,789	109,344
Working capital	2,200,323	2,627,677
Health services	23,360	19,477
Roadways	3,637,883	2,676,142
Protective inspections	(423,224)	(188,256)
General government	563,226	567,636
Contingencies	6,855,349	3,505,666
Libraries	25,190	25,190
Acquisition of capital assets	13,158,889	12,582,600
Cemeteries	117,298	110,498
Waste disposal - landfill site	100,000	100,000
Land sale proceeds	707,589	925,195
Repayment of water and sewer debentures	5,403,421	4,981,858
Water and sewer system capital expenses	4,036,919	5,228,639
WSIB	325,073	-
Infrastructure	<u>6,817,290</u>	<u>6,330,880</u>
 Total reserves	 <u>51,111,214</u>	 <u>46,057,070</u>
 Surpluses		
Invested in tangible capital assets (Schedule 1)	353,847,189	347,386,052
Less: amount financed by long-term debt (Note 14)	(13,334,624)	(14,984,177)
Operating deficit	(14,474,853)	(6,308,664)
Employee future benefits (Note 11)	<u>(4,253,687)</u>	<u>(4,605,570)</u>
 Total surpluses	 <u>321,784,025</u>	 <u>321,487,641</u>
 Accumulated surplus	 <u>372,895,239</u>	 <u>367,544,711</u>

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

December 31, 2020

18. Pension agreements

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 ranged from 9% to 14.6% (2019 - 9% to 14.6%) depending on the proposed retirement age and level of earnings. As a result \$2,544,008 (2019 - \$2,286,117) was contributed to OMERS for current year services.

19. Segmented information

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

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

Fire & emergency services

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

Protective inspection and control

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

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

December 31, 2020

19. 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.

20. COVID-19 Impact

The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

The Corporation of the Town of Georgina
Schedule 1 -Tangible Capital Assets - Summary by Asset Category
December 31

	2 0 2 0								
	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/ Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	42,897,671	1,012,200	-	43,909,871	-	-	-	-	43,909,871
Building	43,414,593	219,372	-	43,633,965	18,500,114	1,398,419	-	19,898,533	23,735,432
Machinery and equipment	16,219,555	812,542	(317,536)	16,714,561	8,491,857	1,078,221	(257,748)	9,312,330	7,402,231
Vehicles	9,022,648	509,879	(137,795)	9,394,732	3,829,307	680,169	(137,795)	4,371,681	5,023,051
Information technology	3,646,248	505,304	(141,640)	4,009,912	1,504,266	446,951	(141,640)	1,809,577	2,200,335
Library collections	985,502	102,107	(178,360)	909,249	527,350	136,773	(178,360)	485,763	423,486
	116,186,217	3,161,404	(775,331)	118,572,290	32,852,894	3,740,533	(715,543)	35,877,884	82,694,406
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	25,355,919	266,790	-	25,622,709	15,942,661	894,014	-	16,836,675	8,786,034
Transportation networks	157,975,780	5,432,273	-	163,408,053	79,255,854	5,509,527	-	84,765,381	78,642,672
Pumping stations	9,737,197	-	-	9,737,197	4,927,760	196,605	-	5,124,365	4,612,832
Sanitary sewer assets	84,836,695	196,943	-	85,033,638	21,137,151	948,562	-	22,085,713	62,947,925
Storm sewer assets	30,722,702	281,840	-	31,004,542	6,505,137	423,625	-	6,928,762	24,075,780
Water linear assets	80,071,596	447,214	-	80,518,810	18,602,111	966,662	-	19,568,773	60,950,037
	403,542,549	6,625,060	-	410,167,609	146,370,674	8,938,995	-	155,309,669	254,857,940
Assets under construction	6,880,854	9,413,989	-	16,294,843	-	-	-	-	16,294,843
Total capital assets	526,609,620	19,200,453	(775,331)	545,034,742	179,223,568	12,679,528	(715,543)	191,187,553	353,847,189

The Corporation of the Town of Georgina
Schedule 1 -Tangible Capital Assets - Summary by Asset Category
December 31

	2 0 1 9								
	Cost				Accumulated Amortization				Net Book Value
	Opening Balance	Additions/Betterments	Disposals	Closing Balance	Opening Balance	Amortization Expense	Disposals	Closing Balance	
\$	\$	\$	\$	\$	\$	\$	\$	\$	
General									
Land	41,195,421	1,839,000	(136,750)	42,897,671	-	-	-	-	42,897,671
Building	43,271,246	143,347	-	43,414,593	17,112,884	1,387,230	-	18,500,114	24,914,479
Machinery and equipment	15,115,988	1,535,099	(431,532)	16,219,555	7,813,092	1,017,444	(338,679)	8,491,857	7,727,698
Vehicles	7,768,258	2,168,539	(914,149)	9,022,648	4,032,018	600,956	(803,667)	3,829,307	5,193,341
Information technology	3,182,133	653,111	(188,996)	3,646,248	1,296,252	397,012	(188,998)	1,504,266	2,141,982
Library collections	1,034,294	125,695	(174,487)	985,502	556,133	145,704	(174,487)	527,350	458,152
	<u>111,567,340</u>	<u>6,464,791</u>	<u>(1,845,914)</u>	<u>116,186,217</u>	<u>30,810,379</u>	<u>3,548,346</u>	<u>(1,505,831)</u>	<u>32,852,894</u>	<u>83,333,323</u>
Infrastructure									
Land	14,842,660	-	-	14,842,660	-	-	-	-	14,842,660
Land improvements	24,711,884	748,035	(104,000)	25,355,919	15,148,176	891,990	(97,505)	15,942,661	9,413,259
Transportation networks	157,258,640	717,140	-	157,975,780	73,822,283	5,433,571	-	79,255,854	78,719,926
Pumping stations	9,576,139	161,058	-	9,737,197	4,735,699	192,061	-	4,927,760	4,809,437
Sanitary sewer assets	84,836,695	-	-	84,836,695	20,189,722	947,429	-	21,137,151	63,699,544
Storm sewer assets	30,722,702	-	-	30,722,702	6,083,946	421,191	-	6,505,137	24,217,565
Water linear assets	79,856,479	215,117	-	80,071,596	17,640,569	961,542	-	18,602,111	61,469,485
	<u>401,805,199</u>	<u>1,841,350</u>	<u>(104,000)</u>	<u>403,542,549</u>	<u>137,620,395</u>	<u>8,847,784</u>	<u>(97,505)</u>	<u>146,370,673</u>	<u>257,171,875</u>
Assets under construction	<u>2,823,324</u>	<u>4,057,530</u>	<u>-</u>	<u>6,880,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,880,854</u>
Total capital assets	<u>516,195,863</u>	<u>12,363,671</u>	<u>(1,949,914)</u>	<u>526,609,620</u>	<u>168,430,774</u>	<u>12,396,130</u>	<u>(1,603,336)</u>	<u>179,223,567</u>	<u>347,386,052</u>

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2020

	Consolidated		Fire & Emergency		Protective Inspection & Control		Roads, Sidewalks, Bridges & Public Works	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	47,508,968	45,473,615						
Grants	3,245,979	2,215,863			1,165,341	8,771	1,390,647	1,386,579
User fees and service charges	8,445,136	10,443,158	115,309	153,536	134,318	120,971	899,182	890,936
Licenses, permits and rent	1,616,616	1,574,971			1,355,111	1,315,307		
Fines, penalties and interest	2,700,455	2,359,415			128,299	214,505	2,804	8,646
Other	5,507,616	4,530,256		175,492	564,142	555,402	2,572,431	647,422
Total revenues	69,024,770	66,597,278	115,309	329,028	3,347,211	2,214,956	4,865,064	2,933,583
Expenses								
Salaries and wages	34,300,578	34,586,226	8,100,400	6,838,140	3,033,502	2,719,181	4,017,611	4,167,775
Interest on long-term debt	632,575	651,143					152,291	167,977
Materials, good and supplies	4,136,387	4,674,740	467,417	435,874	392,866	141,826	1,206,008	1,602,331
Contracted and general services	10,972,583	10,697,939	507,236	468,620	1,080,226	902,027	886,799	792,089
Rents and financial	965,466	264,529			366,384	10,613	94,500	
External transfers	0	393,936				2,000		
Amortization	12,679,528	12,396,130	512,892	433,625	82,432	63,156	5,972,055	5,879,094
Other								
Total expenses	63,687,117	63,664,643	9,587,945	8,176,259	4,955,410	3,838,803	12,329,264	12,609,266
Net revenues (expenses)	5,337,653	2,932,635	-9,472,636	-7,847,231	-1,608,199	-1,623,847	-7,464,200	-9,675,683

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2020

	Water, Wastewater & Solid Waste		Leisure Programs, Events & Facilities		Library Services		Planning & Development	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation								
Grants		120,313	443,240	204,202	2,548,934	2,460,292	2,165	1,960
User fees and service charges	4,314,930	4,742,434	1,628,519	3,384,352	114,076	140,466	402,807	560,038
Licenses, permits and rent			197,134	213,082				
Fine, penalties and interest			466	817	5,444	24,956		269
Other	745,491	265,791	524,860	969,326	2,558	14,864	70,898	40,893
Total revenues	5,060,421	5,128,538	2,794,219	4,771,779	2,671,012	2,640,578	475,870	603,160
Expenses								
Salaries and wages	2,296,160	1,954,794	6,616,140	8,199,468	1,458,110	1,692,414	1,708,725	1,669,760
Interest on long-term debt	480,284	483,166						
Materials, good and supplies	297,793	318,969	1,569,415	1,930,046	203,280	217,766	10,509	13,326
Contracted and general services	3,595,687	3,512,400	2,531,097	2,864,845	214,840	261,398	368,537	368,448
Rents and financial	20,364	61,551	347,678	123,070	2,559	2,074	70,052	
External transfers			2,482,220	2,613,699			0	149,250
Amortization	2,837,450	2,799,849	2,656,526	2,625,207	292,985	231,568	30,235	25,684
Other								
Total expenses	9,527,738	9,130,729	16,203,076	18,356,335	2,171,774	2,405,220	2,188,058	2,226,468
Net revenues (expenses)	-4,467,317	-4,002,191	-13,408,857	-13,584,556	499,238	235,358	-1,712,188	-1,623,308

The Corporation of the Town of Georgina

Schedule 2 - Segment Disclosures

Year Ended December 31, 2020

	Corporate Governance & Management		Taxation Revenue		Elimination	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Revenues						
Taxation			47,508,968	45,473,615		
Grants	177,872	422,796			-2,482,220	-2,389,050
User fees and service charges	835,995	450,425				
Licenses, permits and rent	64,371	46,582				
Fine, penalties and interest	2,563,442	2,110,222				
Other	1,027,236	1,861,066				
Total revenues	4,668,916	4,891,091	47,508,968	45,473,615	-2,482,220	-2,389,050
Expenses						
Salaries and wages	7,069,930	7,344,694				
Interest on long-term debt						
Materials, good and supplies	-10,901	14,602				
Contracted and general services	1,788,161	1,528,112				
Rents and financial	63,929	67,221				
External transfers	0	18,037			-2,482,220	-2,389,050
Amortization	294,953	337,947				
Other						
Total expenses	9,206,072	9,310,613	0	0	-2,482,220	-2,389,050
Net revenue (expenses)	-4,537,156	-4,419,522	47,508,968	45,473,615	0	0