

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

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**Financial Statements**  
For the year ended December 31, 2013

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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Orangeville

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

### Management's Responsibility for the 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 Orangeville as at December 31, 2013 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Orangeville, Ontario  
June 23, 2014

## The Corporation of the Town of Orangeville Consolidated Statement of Financial Position

December 31	2013	2012
		(restated) (Note 4)
<b>Assets and Liabilities</b>		
<b>Financial Assets</b>		
Cash and bank (Note 1)	\$ 3,480,502	\$ 12,744,113
Temporary investments (Note 2)	14,674,440	-
Taxes receivable (Note 3)	2,442,072	2,914,055
Accounts and grants receivable	3,572,451	3,958,188
Long-term investments (Note 4)	8,487,039	9,597,037
	<u>32,656,504</u>	<u>29,213,393</u>
<b>Liabilities</b>		
Temporary borrowings (Note 6)	4,320,000	9,560,000
Accounts payable and accrued liabilities	5,879,836	5,002,780
Deferred revenue (Note 5)	10,863,495	7,526,947
Net long-term liabilities (Note 7)	20,057,866	16,753,932
Post-employment benefits (Note 11)	1,806,438	1,781,967
Landfill site post-closure liability (Note 13)	291,130	236,425
	<u>43,218,765</u>	<u>40,862,051</u>
<b>Net debt</b>	(10,562,261)	(11,648,658)
<b>Non-financial Assets</b>		
Inventory held for own use	26,767	43,962
Prepaid expenses	5,568	17,710
Tangible capital assets (Note 8)	179,056,665	180,399,691
	<u>179,056,665</u>	<u>180,399,691</u>
<b>Accumulated surplus (Note 9)</b>	<u>\$168,526,739</u>	<u>\$168,812,705</u>
<b>Contingencies (Note 22)</b>		

## The Corporation of the Town of Orangeville Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2013	2013	2012
	Budget	Actual	Actual (restated) (Note 4)
<b>Revenue</b>			
Taxation	\$ 27,313,231	\$ 27,665,258	\$ 27,919,459
Fees and user charges	14,736,658	14,629,850	14,379,247
Grants (Note 16)	1,448,219	1,405,009	1,188,152
Other income (Note 15)	1,455,720	1,709,820	6,092,116
Obligatory reserve funds revenue recognized	5,386,753	3,445,749	7,485,829
Equity in income of Orangeville Hydro Limited	1,800,000	707,521	1,237,215
	<u>52,140,581</u>	<u>49,563,207</u>	<u>58,302,018</u>
<b>Expenses</b>			
General government	4,468,748	5,139,268	4,790,344
Protection services	12,799,205	13,365,203	12,594,698
Transportation services	8,207,117	8,488,670	8,012,084
Environmental services	9,290,663	8,937,048	10,453,976
Health services	195,244	163,245	146,519
Recreation and cultural services	8,779,260	8,466,073	8,091,964
Planning and development	2,070,411	1,868,494	1,399,370
Transfers to obligatory reserve funds	3,210,569	3,421,172	3,113,419
	<u>49,021,217</u>	<u>49,849,173</u>	<u>48,602,374</u>
<b>Annual surplus (deficit)</b>	3,119,364	(285,966)	9,699,644
<b>Accumulated surplus, beginning of year</b>	<u>168,812,705</u>	<u>168,812,705</u>	<u>159,113,061</u>
<b>Accumulated surplus, end of year</b>	<u>\$171,932,069</u>	<u>\$168,526,739</u>	<u>\$168,812,705</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Town of Orangeville  
Consolidated Statement of Changes in Net Debt**

<u>For the year ended December 31</u>	2013	2013	2012
	Budget	Actual	Actual (restated) (Note 4)
<b>Annual surplus (deficit)</b>	<b>\$ 3,119,364</b>	<b>\$ (285,966)</b>	<b>\$ 9,699,644</b>
Acquisition of tangible capital assets	(8,453,400)	(5,880,840)	(13,256,142)
Amortization of tangible capital assets	6,963,627	6,963,627	6,838,933
Loss (gain) on sale of tangible capital assets	-	39,312	(4,886)
Proceeds on disposal of tangible capital assets	-	220,927	80,932
	<u>(1,489,773)</u>	<u>1,343,026</u>	<u>(6,341,163)</u>
Change in inventory held for own use	-	17,195	(14,013)
Change in prepaid expenses	-	12,142	4,042
	<u>-</u>	<u>29,337</u>	<u>(9,971)</u>
<b>Increase in net financial assets</b>	<b>1,629,591</b>	<b>1,086,397</b>	<b>3,348,510</b>
<b>Net debt, beginning of the year</b>	<u><b>(11,648,658)</b></u>	<u><b>(11,648,658)</b></u>	<u><b>(14,997,168)</b></u>
<b>Net debt, end of the year</b>	<u><b>\$ (10,019,067)</b></u>	<u><b>\$ (10,562,261)</b></u>	<u><b>\$ (11,648,658)</b></u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## The Corporation of the Town of Orangeville Consolidated Statement of Cash Flows

For the year ended December 31	2013	2012 (restated)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	\$ (285,966)	\$ 9,699,644
Items not involving cash		
Income from contribution of tangible capital assets	-	(4,443,859)
Net income from Orangeville Hydro Limited accounted for using the modified equity method	(707,521)	(1,237,215)
Amortization of tangible capital assets	6,963,627	6,838,933
Future employment benefit liability	24,471	8,590
Landfill site post-closure liability	54,705	(35,083)
Deferred revenue recognized	(3,445,749)	(7,485,829)
Loss (gain) on sale of tangible capital assets	39,312	(4,886)
	<u>2,642,879</u>	<u>3,340,295</u>
Changes in non-cash working capital items		
(Increase) decrease in taxes receivable	471,983	(139,157)
Decrease in accounts and grants receivable	385,737	1,969,256
Increase in accounts payable and accrued liabilities	877,056	308,488
Deferred revenue received	6,782,297	8,274,335
(Increase) decrease in inventory held for own use	17,195	(14,013)
Decrease in prepaid expenses	12,142	4,042
	<u>11,189,289</u>	<u>13,743,246</u>
<b>Capital transactions</b>		
Cash used to acquire tangible capital assets	(5,880,840)	(8,812,283)
Proceeds on sale of tangible capital assets	220,927	80,932
	<u>(5,659,913)</u>	<u>(8,731,351)</u>
<b>Investing activities</b>		
Dividends received from Orangeville Hydro Limited	1,817,519	628,437
<b>Financing activities</b>		
Proceeds from long-term liabilities	4,227,016	-
Repayments of long-term liabilities	(923,082)	(1,122,425)
Increase (decrease) in temporary borrowings	(5,240,000)	220,000
	<u>(1,936,066)</u>	<u>(902,425)</u>
<b>Net increase in cash and bank</b>	<b>5,410,829</b>	<b>4,737,907</b>
<b>Cash and bank, beginning of year</b>	<b>12,744,113</b>	<b>8,006,206</b>
<b>Cash and bank, end of year</b>	<b>\$ 18,154,942</b>	<b>\$ 12,744,113</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash	\$ 3,480,502	\$ 12,744,113
Temporary investments	14,674,440	-
	<u>\$18,154,942</u>	<u>\$ 12,744,113</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## **The Corporation of the Town of Orangeville Summary of Significant Accounting Policies**

**December 31, 2013**

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**Management Responsibility**

The consolidated financial statements of the Corporation of the Town of Orangeville are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

**Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Town of Orangeville Waterworks
- Town of Orangeville Greenwood Cemetery
- Town of Orangeville Library Board
- Town of Orangeville Business Improvement Area
- Orangeville Railway Development Corporation

Government business enterprises and partnerships are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated financial statements:

- Orangeville Hydro Limited
- Orangeville Hydro Services Limited

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## The Corporation of the Town of Orangeville Summary of Significant Accounting Policies

**December 31, 2013**

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<b>Basis of Accounting</b>	Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.												
<b>Financial Instruments</b>	<p>The municipality classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash and bank, temporary investments, accounts and grants receivable, temporary borrowing, accounts payable and accrued liabilities, and long-term liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.</p> <p>Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the consolidated statement of operations and accumulated surplus.</p>												
<b>Cash and Cash Equivalents</b>	The Town considers all short term, highly liquid investments with an original maturity of three months or less to be cash equivalents.												
<b>Inventory Held for Own Use</b>	Inventory held for consumption is recorded at the lower of cost and replacement cost.												
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land improvements</td> <td style="text-align: right;">15 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">15 - 40 years</td> </tr> <tr> <td>Roads</td> <td style="text-align: right;">15 - 40 years</td> </tr> <tr> <td>Water and sewer systems</td> <td style="text-align: right;">40 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">5 - 20 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">5 - 9 years</td> </tr> </table>	Land improvements	15 years	Buildings	15 - 40 years	Roads	15 - 40 years	Water and sewer systems	40 years	Equipment	5 - 20 years	Vehicles	5 - 9 years
Land improvements	15 years												
Buildings	15 - 40 years												
Roads	15 - 40 years												
Water and sewer systems	40 years												
Equipment	5 - 20 years												
Vehicles	5 - 9 years												

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## **The Corporation of the Town of Orangeville Summary of Significant Accounting Policies**

**December 31, 2013**

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### **Tangible Capital Assets**

(continued)

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

The Town capitalizes interest costs associated with the acquisition or construction of a tangible capital asset until long-term financing is put in place.

The financial information recorded includes the actual or estimated historical cost of tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets.

### **Non-financial Assets**

Non-financial assets have useful lives that extend beyond the current year and are not intended for sale in the ordinary course of business. These assets do not normally provide resources to discharge the liabilities of the municipality unless they are sold.

### **Revenue Recognition**

Fees and user charges are recognized when the related service is provided.

Contributions are recognized based on the terms of the grant or in the year that the related expenses occur.

Investment income earned on surplus funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

Other income is recognized when receivable.

### **Deferred Revenue**

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

### **County and School Board**

The municipality collects taxation revenue on behalf of the County of Dufferin and the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the County of Dufferin and the school boards are not reflected in these consolidated financial statements.

### **Intangible Assets**

Intangible asset, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recognized in these consolidated financial statements.

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## **The Corporation of the Town of Orangeville Summary of Significant Accounting Policies**

**December 31, 2013**

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<b>Taxation and Related Revenues</b>	<p>Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Town Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings.</p> <p>Taxation revenues are recorded at the time tax billings are issued. 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.</p> <p>The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.</p>
<b>Government Transfers</b>	<p>Government transfers are recognized as revenue in the consolidated 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. Transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.</p>
<b>Trust Funds</b>	<p>Funds held in trust by the municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.</p>
<b>Post-Employment Benefits</b>	<p>The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.</p> <p>Defined contribution plan accounting is applied to the municipality's multi-employer defined benefit pension plan.</p>

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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1. Cash and Bank

	<u>2013</u>	<u>2012</u>
Unrestricted cash and cash equivalents	\$ 1,390,798	\$ 4,668,544
Restricted cash and cash equivalents	<u>2,089,704</u>	<u>8,075,569</u>
	<u>\$ 3,480,502</u>	<u>\$ 12,744,113</u>

The municipality has internally and externally restricted funds that are segregated and will be used only for specific purposes. The Town's bank accounts are held at one chartered bank with reserve accounts earning interest at prime less 1.70%.

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2. Temporary Investments

	<u>2013</u>	<u>2012</u>
Unrestricted term deposits earning 1.45% - 1.53%, maturing January 6, 2014 - January 13, 2014.	\$ 3,014,814	\$ -
Restricted term deposits earning 1.45% - 1.53%, maturing January 6, 2014 - March 10, 2014.	<u>11,659,626</u>	-
	<u>\$ 14,674,440</u>	-

Investments have a market value of \$14,704,149 at the end of the year.

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3. Taxes Receivable

Taxes receivable are reported net of a valuation allowance of \$445,057 (2012 - \$0).

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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#### 4. Long-term Investments

Long-term investments consist of investments in government business enterprises. The Town of Orangeville owns a 94.50% interest in Orangeville Hydro Limited and a 100% interest in Orangeville Hydro Services Inc. Details of the book value of these investments are as follows:

	2013	2012
<b>Investment in Orangeville Hydro Limited</b>		
Investment in common shares	\$ 7,815,535	\$ 7,815,535
Net equity	671,503	1,778,355
	<b>8,487,038</b>	<b>9,593,890</b>
 <b>Investment in Orangeville Hydro Services Inc.</b>		
Investment in common share	1	1
Net equity	-	3,146
	1	3,147
	<b>\$ 8,487,039</b>	<b>\$ 9,597,037</b>

Condensed financial results for the government business enterprises are disclosed in Note 17.

Related party transactions between the Town and its government business enterprises are as follows:

	2013	2012
<b>Expenses</b>		
Streetlighting maintenance and water and sewer billing charge from Orangeville Hydro Limited	\$ 437,679	\$ 425,470

Orangeville Hydro Limited also collects water and sewage billings on behalf of the Town and remits the amounts to the Town on a monthly basis.

It was discovered during the year that there was an error in the calculation of the change in asset useful lives regulatory liability account in Orangeville Hydro Limited. The effects of this correction for the prior year are a decrease of \$269,308 in long-term investments and equity in income of Orangeville Hydro Limited.

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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5. Deferred Revenue

	2013	2012
<b>Obligatory Reserve Funds</b>		
Development charges act	\$ 6,964,274	\$ 5,080,617
Building permits	282,875	295,077
Recreational land	53,559	181,503
Parking revenues	24	24
MTO transit program	391,967	330,567
Sustainable water	3,075,345	1,488,644
Federal gas tax	-	34,375
	10,768,044	7,410,807
<b>Other</b>		
Grants	350	28,035
Deposits	95,101	88,105
	\$10,863,495	\$ 7,526,947

The net change during the year in the restricted deferred revenue balances is made up as follows:

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Development charges	\$ 5,080,617	\$ 2,019,946	\$ 164,758	\$ (301,047)	\$ 6,964,274
Building permits	295,077	19,167	1,906	(33,275)	282,875
Recreational land	181,503	59,575	359	(187,878)	53,559
Parking revenues	24	-	-	-	24
MTO transit program	330,567	265,257	2,630	(206,487)	391,967
Sustainable water	1,488,644	3,421,172	20,599	(1,855,070)	3,075,345
Federal gas tax	34,375	825,924	1,693	(861,992)	-
	\$ 7,410,807	\$ 6,611,041	\$ 191,945	\$(3,445,749)	\$10,768,044

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

**December 31, 2013**

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6. Temporary Borrowings

	<u>2013</u>	<u>2012</u>
Operating loan	<u>\$ 4,320,000</u>	<u>\$ 9,560,000</u>

The operating loan is due on demand and bears interest at the bank's prime rate less 0.75%, calculated and payable monthly.

The Town has two outstanding letters of credit in the amount of \$198,200 at the bank as security for biosolid storage with the Region of Huronia.

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

### 7. Long-term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2013	2012
Loan payable, BIA, 29 First Street, prime minus 0.75%, payable in monthly payments of \$733 principal plus interest, due December 2023.	\$ 188,314	\$ -
Loan payable, BIA, 82 Broadway, 1.57%, payable in monthly payments of \$3,138 principal and interest, due December 2014.	731,302	-
Loan payable, 120 Diane Drive, 2.86%, payable in monthly payments of \$7,606 principal and interest, due December 2018.	1,112,200	-
Loan payable, C Line, 1.57%, payable in monthly payments of \$6,459 principal and interest, due December 2014.	1,035,200	-
Loan payable, Tourism Information Centre, 2.79%, payable in monthly payments of \$3,920 principal and interest, due December 2018.	410,000	-
Loan payable, 172 Broadway, 1.57%, payable in monthly payments of \$3,643 principal and interest, due December 2014.	750,000	-
Loan payable, Alder Street recreation centre, 5.05%, payable in monthly payments of \$39,601 principal and interest, due December 2015, maturing 2025.	4,265,098	4,518,545
Loan payable, Humber College land, 5.15%, payable in monthly payments of \$19,045 principal and interest, due March 2016, maturing 2026.	2,074,928	2,193,583
Loan payable, police station and Westdale improvement area, 5.15%, payable in monthly payments of \$22,052 principal and interest, due March 2016, maturing 2026.	2,402,549	2,539,938
Loan payable, Westdale improvement area, 4.91%, payable in monthly payments of \$25,150 principal and interest, due November 2016, maturing 2026.	2,884,540	3,039,784

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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7. Long-term Liabilities (continued)

Loan payable, various transportation capital projects, 2.87% adjusted every six months, payable in monthly payments of \$27,456 principal and interest adjusted every six months, due December 2016, maturing 2026.	3,572,465	3,781,979
Loan payable, BIA parking lot, 4.60%, payable in monthly payments of \$4,785 principal and interest, due April 2019, maturing 2029.	631,270	658,005
Capital lease payable, Case Loader, 0%, payable in monthly payments of \$3,157 principal, due July 2013.	-	22,098
	<u>\$ 20,057,866</u>	<u>\$ 16,753,932</u>

Principal payments for the next 5 fiscal years and thereafter are as follows:

2014	\$	3,579,153
2015		4,829,579
2016		6,859,872
2017		397,537
2018		3,775,420
Thereafter		<u>616,305</u>
	\$	<u>20,057,866</u>

Interest expense in the amount of \$774,013 (2012 - \$823,959) has been recognized on the consolidated statement of operations and accumulated surplus.

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

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

**December 31, 2013**

**8. Tangible Capital Assets**

								2013
	Land	Land Improvements	Buildings	Roads	Water and Sewer Systems	Equipment	Vehicles	Total
Cost, beginning of year	\$14,917,787	\$ 13,812,874	\$ 43,126,264	\$ 81,433,675	\$ 112,137,479	\$ 9,683,852	\$ 4,986,738	\$ 280,098,669
Additions	66,313	475,525	1,174,011	2,133,584	65,867	1,506,749	458,791	5,880,840
Disposals	(211,885)	-	-	(30,384)	(11,029)	(26,594)	(287,926)	(567,818)
Cost, end of year	14,772,215	14,288,399	44,300,275	83,536,875	112,192,317	11,164,007	5,157,603	285,411,691
Accumulated amortization, beginning of year	-	6,980,203	9,216,860	39,861,313	36,261,748	5,301,474	2,077,380	99,698,978
Amortization	-	604,379	939,205	2,222,628	2,066,200	700,317	430,898	6,963,627
Disposals	-	-	-	(30,384)	(11,029)	(23,284)	(242,882)	(307,579)
Accumulated amortization, end of year	-	7,584,582	10,156,065	42,053,557	38,316,919	5,978,507	2,265,396	106,355,026
Net carrying amount, end of year	\$14,772,215	\$ 6,703,817	\$ 34,144,210	\$ 41,483,318	\$ 73,875,398	\$ 5,185,500	\$ 2,892,207	\$ 179,056,665

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

**December 31, 2013**

**8. Tangible Capital Assets (continued)**

								2012
	Land	Land Improvements	Building	Roads	Water and Sewer System	Equipment	Vehicles	Total
Cost, beginning of year	\$14,917,786	\$ 12,494,225	\$ 40,267,284	\$ 78,192,488	\$ 108,469,700	\$ 8,962,062	\$ 4,849,760	\$ 268,153,305
Additions	1	1,349,848	2,910,882	3,256,901	3,681,923	1,304,059	752,528	13,256,142
Disposals	-	(31,199)	(51,902)	(15,714)	(14,144)	(582,269)	(615,550)	(1,310,778)
Cost, end of year	<u>14,917,787</u>	<u>13,812,874</u>	<u>43,126,264</u>	<u>81,433,675</u>	<u>112,137,479</u>	<u>9,683,852</u>	<u>4,986,738</u>	<u>280,098,669</u>
Accumulated amortization, beginning of year	-	6,473,880	8,357,977	37,646,852	34,126,239	5,181,292	2,308,537	94,094,777
Amortization	-	534,035	910,785	2,230,175	2,148,437	642,804	372,697	6,838,933
Disposals	-	(27,712)	(51,902)	(15,714)	(12,928)	(522,622)	(603,854)	(1,234,732)
Accumulated amortization, end of year	<u>-</u>	<u>6,980,203</u>	<u>9,216,860</u>	<u>39,861,313</u>	<u>36,261,748</u>	<u>5,301,474</u>	<u>2,077,380</u>	<u>99,698,978</u>
Net carrying amount, end of year	<u>\$14,917,787</u>	<u>\$ 6,832,671</u>	<u>\$ 33,909,404</u>	<u>\$ 41,572,362</u>	<u>\$ 75,875,731</u>	<u>\$ 4,382,378</u>	<u>\$ 2,909,358</u>	<u>\$ 180,399,691</u>

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 8. Tangible Capital Assets (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$17,356,425 (2012 - \$20,500,262). The assets under construction include buildings, roads, and equipment.

\$0 (2012 - \$4,443,859) in contributed roads, water and sewer systems, and land was recognized in the consolidated financial statements during the year.

The municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

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### 9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2013	2012 (restated) (Note 4)
Invested in tangible capital assets	\$ 179,056,665	\$ 180,399,691
Unfunded long-term liabilities	(20,057,867)	(16,753,932)
Unfunded post-employment benefits	(1,806,438)	(1,781,967)
Tangible capital assets to be financed in the future	(448,566)	(3,906,614)
Unfunded solid waste closure and post-closure costs	(291,130)	(236,425)
General surplus (deficit)	(1,968,225)	(2,286,841)
Equity in Orangeville Hydro	8,487,039	9,597,037
Business improvement area	49,014	16,620
Orangeville Railway Development Corporation	(25,145)	120,621
	162,995,347	165,168,190
Reserves and reserve funds (Note 10)	5,531,392	3,644,515
Accumulated surplus	\$ 168,526,739	\$ 168,812,705

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

**December 31, 2013**

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10. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	<u>2013</u>	<u>2012</u>
<b>Reserves</b>		
Working funds	\$ 180,706	\$ 137,806
Insurance, sick leave and WSIB	170,771	194,839
Current purposes	1,182,595	1,213,849
Capital purposes	<u>2,335,461</u>	<u>1,433,260</u>
	<u>3,869,533</u>	<u>2,979,754</u>
 <b>Reserve funds</b>		
Working funds	1,446,201	450,550
Capital purposes	<u>215,658</u>	<u>214,211</u>
	<u>1,661,859</u>	<u>664,761</u>
 <b>Reserves and reserve funds set aside for specific purpose by Council</b>	 <u><b>\$ 5,531,392</b></u>	 <u><b>\$ 3,644,515</b></u>

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 11. Post-Employment Benefits

The Town provides certain benefits, including retirement benefits and other post-employment benefits, to its employees. The employee benefits liabilities as at December 31 are as follows:

	2013	2012
Post-employment benefits	\$ 1,583,531	\$ 1,574,268
Vested sick leave	5,756	5,601
Workplace Safety and Insurance Board obligations	76,027	84,865
	1,665,314	1,664,734
Unamortized actuarial gains	141,124	117,233
	\$ 1,806,438	\$ 1,781,967

The Town has not made allocations to fund these liabilities at this time and future expenditures are anticipated to be recovered from tax billings.

The total expenses related to retirement benefits other than pensions include the following components:

	2013	2012
Current period benefit cost	\$ 86,845	\$ 78,914
Retirement benefit interest	61,820	78,986
Amortization of unamortized actuarial gains	(24,816)	(17,202)
Total expenses related to retirement benefit	\$ 123,849	\$ 140,698

#### Post-employment benefits

The Town of Orangeville sponsors a defined benefit plan for retirement benefits other than pensions to substantially all employees. The plan provides extended health care, dental and life insurance benefits to employees to a maximum of age 65. Total benefit payments paid by the Town on behalf of retirees during the year were \$78,803 (2012 - \$73,746).

#### Workplace Safety and Insurance Board obligations

The Town was a Schedule 2 employer under the Workplace Safety and Insurance Act until the end of 2009 and, as such, assumed responsibility for financing its workplace safety insurance costs. The accrued obligation represents the actuarial valuation of claims to be insured based on the history of claims with Town employees.

A Workplace Safety and Insurance reserve fund, funded by contributions from the current fund, has been established to protect against any unknown future liability. The balance of the reserve fund at December 31, 2013 was \$170,771 (2012 - \$194,839).

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 11. Post-Employment Benefits (continued)

The actuarial valuations were based on a number of assumptions about future events such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The most recent actuarial valuations were performed in 2012. The assumptions used reflect the Town's best estimates.

Discount rate	4% per year (2012 - 5%)
Dental premium rates	Escalate at 4% per year
Health care premium rates	Escalate at 5.333% per year reducing to 4% per year over 5 years; 4% thereafter
Future salaries	Escalate at 3% per year
Future inflation rate	2% per year

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### 12. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 207 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2013 by the municipality was \$3,043,015 (2012 - \$2,706,486). The contribution rate for 2013 was 9.0% to 15.9% depending on income level (2012 - 8.3% to 13.9%).

OMERS is a multi-employer pension plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2013. At that time the plan reported a \$8.6 billion actuarial deficit (2012 - \$9.9 billion deficit), based on actuarial liabilities of \$73.0 billion (2012 - \$69.1 billion) and actuarial assets of \$64.4 billion (2012 - \$59.2 billion). There has been a severe decline in financial markets. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 13. Landfill Site Post-Closure Liability

The estimated post-closure liability for a landfill site that closed in 1970 as at December 31, 2013 is \$291,130 (2012 - \$236,425). The liability is based on current monitoring, maintenance and consulting costs of \$10,000 on an annual basis inflated at a rate of 1.23% per year and discounted at a rate of 4.0%. Current engineering studies suggest that monitoring would be required for another 60 years.

The Town has not made allocations to fund the liability at this time and future expenses are anticipated to be recovered from taxation billings.

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### 14. Operations of School Boards and the County of Dufferin

During the year, the following taxation revenue was raised and remitted to the school boards and the Corporation of the County of Dufferin:

	2013	2012
School boards	\$ 10,470,075	\$ 10,909,321
The Corporation of the County of Dufferin	13,334,430	12,320,933
	\$ 23,804,505	\$ 23,230,254

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### 15. Other Income (Expense)

	2013	2013	2012
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 500,000	\$ 474,633	\$ 566,658
Licences, permits and rents	101,500	120,186	132,332
Other fines and penalties	215,000	442,809	227,952
Investment income	20,000	27,507	23,284
Rents, concessions and franchises	581,520	569,997	542,650
Donations	5,200	73,339	45,052
Loss (gain) on sale of tangible capital assets	-	(39,312)	4,886
Contribution of tangible capital assets	-	-	4,443,859
Other	32,500	40,661	105,443
	\$ 1,455,720	\$ 1,709,820	\$ 6,092,116

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 16. Grants

	2013	2013	2012
	Budget	Actual	Actual
<b>Operating</b>			
Province of Ontario			
Conditional - Roads	\$ 151,000	\$ -	\$ -
- Other	576,633	669,113	550,304
	<u>727,633</u>	<u>669,113</u>	<u>550,304</u>
Government of Canada			
Conditional - Other	5,986	33,778	10,536
Other Municipalities			
Conditional - Sewer and water	233,100	290,984	280,297
- Other	369,000	462,635	289,068
	<u>602,100</u>	<u>753,619</u>	<u>569,365</u>
<b>Total operating grants</b>	<u>1,335,719</u>	<u>1,456,510</u>	<u>1,130,205</u>
<b>Tangible Capital Asset</b>			
Province of Ontario			
Conditional - Roads	15,000	15,000	-
- Other	97,500	-	-
	<u>112,500</u>	<u>15,000</u>	<u>-</u>
Government of Canada			
Conditional - Roads	-	(66,501)	57,947
	<u>112,500</u>	<u>(51,501)</u>	<u>57,947</u>
<b>Total tangible capital asset grants</b>	<u>112,500</u>	<u>(51,501)</u>	<u>57,947</u>
<b>Total grants</b>	<u>\$ 1,448,219</u>	<u>\$ 1,405,009</u>	<u>\$ 1,188,152</u>

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

### 17. Municipal Enterprises

The following summarizes the financial position and operations of the municipal enterprises which have been reported in these financial statements.

#### Investment in Orangeville Hydro Limited

Orangeville Hydro Limited is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of the Town of Orangeville owns 94.50% of the outstanding shares of Orangeville Hydro Limited. Orangeville Hydro Limited has been reported in these consolidated financial statements using the modified equity method.

Balance Sheet	2013	2012
		(restated) (Note 4)
Current assets	\$ 8,047,165	\$ 9,356,126
Long-term assets	17,217,713	17,176,722
	\$ 25,264,878	\$ 26,532,848
Current liabilities	\$ 6,577,044	\$ 4,458,670
Long-term liabilities	9,675,693	11,890,804
Total liabilities	16,252,737	16,349,474
Shareholders' equity	9,012,141	10,183,374
	\$ 25,264,878	\$ 26,532,848
 Results of Operations		
Revenues	\$ 30,865,750	\$ 28,980,964
Expenses	29,825,713	27,205,068
Income before payments in lieu of income taxes	1,040,037	1,775,896
Payments in lieu of income taxes	287,970	479,221
Net revenue for the year	\$ 752,067	\$ 1,296,675
Dividends paid during the year	\$ 1,923,300	\$ 665,012

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 17. Municipal Enterprises (continued)

#### Investment in Orangeville Hydro Services Inc.

Orangeville Hydro Services Inc. is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Town of Orangeville owns 100% of the outstanding shares of Orangeville Hydro Services Inc.

Balance Sheet	2013	2012
Current assets	\$ 1	\$ 3,427
Long-term assets	-	384
	\$ 1	\$ 3,811
Liabilities	\$ -	\$ 676
Shareholder's equity	1	3,135
	\$ 1	\$ 3,811
Results of Operations		
Revenues	\$ -	\$ 6,427
Expenses	-	4,254
Net income for the year	\$ -	\$ 2,173

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

### 18. Financial Instrument Risk Management

#### Credit Risk

The municipality is exposed to credit risk through the possibility of non-collection of its accounts and grants receivable. The majority of the municipality's receivables are from rate payers and government entities. For accounts and grants receivable, the municipality measures impairment based on how long the amounts have been outstanding. For amounts outstanding greater than 91 days, an impairment allowance is set up. The amounts outstanding at year end, which is the municipality's maximum exposure to credit risk related to accounts and grants receivable, were as follows:

	0 - 30 days	31 - 90 days	91 to 365 days	1 to 2 years	3 to 5 years
Cash and bank	\$ 3,480,502	\$ -	\$ -	\$ -	\$ -
Temporary investments	3,014,814	11,659,626	-	-	-
Accounts and grants receivable	3,958,188	-	-	-	-
<b>Net amount receivable</b>	<b>\$ 10,453,504</b>	<b>\$ 11,659,626</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

#### Liquidity Risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality has a planning and budgeting process in place to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements for a period of at least 90 days. The following table set out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Current	31 - 90 days	91 to 365 days	1 to 5 years	6 years and later
Temporary borrowings	\$ 4,320,000	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	5,879,836	-	-	-	-
<b>Net long-term liabilities</b>	<b>-</b>	<b>-</b>	<b>3,579,153</b>	<b>15,862,408</b>	<b>616,305</b>
<b>Total financial liabilities</b>	<b>\$ 10,199,836</b>	<b>\$ -</b>	<b>\$ 3,579,153</b>	<b>\$ 15,862,408</b>	<b>\$ 616,305</b>

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 18. Financial Instrument Risk Management (continued)

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and certain long-term liabilities. The municipality is also exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of the fixed income denominated investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

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### 19. Budgets

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The following is a reconciliation of the budget approved by Council.

	2013	2013	2012
	Budget	Actual	Actual (restated) (Note 4)
Annual surplus (deficit) (Page 5)	\$ 3,119,364	\$ (285,966)	\$ 9,699,644
Amortization of tangible capital assets	6,963,627	6,963,627	6,838,933
Change in unfunded liabilities	-	79,176	(26,493)
Change in other surpluses (deficits)	-	1,223,370	(580,119)
	10,082,991	7,980,207	15,931,965
Net transfers to reserves	(1,728,073)	(1,886,877)	(129,363)
Tangible capital asset acquisitions, disposals and write-down	(8,453,400)	(5,620,601)	(13,180,096)
Prior year capital projects expended (funded)	-	(3,458,048)	(2,180,497)
Proceeds from long-term debt	-	4,227,016	-
Debt principal repayments	(26,448)	(923,081)	(1,122,425)
	(124,930)	318,616	(680,416)
Prior year general surplus (deficit)	124,930	(2,286,841)	(1,606,425)
General surplus (deficit) (Note 9)	\$ -	\$ (1,968,225)	\$ (2,286,841)

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## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 20. Trust Funds

The trust funds administered by the municipality amounting to \$5,502,260 (2012 - \$5,640,806) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2013, the trusts fund balances are as follows:

	<u>2013</u>	<u>2012</u>
Cemetery care and maintenance funds	\$ 400,987	\$ 363,915
Ferns Memorial	35,771	35,551
Development Fund	<u>5,065,502</u>	<u>5,241,340</u>
	<u>\$ 5,502,260</u>	<u>\$ 5,640,806</u>

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### 21. Contractual Commitments

The Town of Orangeville has entered into the following contract:

- a) A five-year contract for transit bus services at an approximate cost of \$393,000 per year, beginning January 2, 2010, with the annual costs adjusted by CPI.

The Town of Orangeville has committed to spend approximately \$812,000 on capital projects in 2013 and beyond on various general government, transportation service and environmental services capital projects.

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### 22. Contingencies

The Town has been served with various claims as a result of accidents and other incidents. The Town is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time. Should any liability be determined and not covered by insurance, it will be recognized in the period when determined.

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# The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

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## 23. Segment Disclosure

The Corporation of the Town of Orangeville is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, environmental, planning, community, and water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

### **Community Services**

This service area provides services meant to improve the health and development of the municipality's citizens. Recreational programs and cultural programs are provided at the recreation complexes. Also, the municipality provides library services to assist with its citizens' informational needs.

### **Environmental**

Environmental services consists of costs associated with managing solid waste. In the prior year, environmental services also consisted of waste disposal to citizens, which was assumed by the County of Dufferin in 2013.

### **Transit**

Transit services is responsible for providing bus services to residents throughout the Town of Orangeville.

### **Health**

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. Also, the municipality provides cemetery services including cemetery maintenance and care.

### **Planning and Development**

This department provides a number of services including town planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process. This department also includes the economic development committee and the downtown business improvement area.

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# The Corporation of the Town of Orangeville

## Notes to the Consolidated Financial Statements

**December 31, 2013**

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### 23. Segment Disclosure (continued)

#### Protection to Persons and Property

Protection is comprised of police services, fire protection and bylaw enforcement. The police services works to ensure the safety and protection of the citizens and their property. The fire department is responsible for providing fire suppression services, fire prevention programs, training, and education. The by-law enforcement department works to ensure that citizens and their property are protected by ensuring the Town's bylaws are being adhered to.

#### Transportation

Transportation is responsible for providing the municipality with road maintenance, winter control services, street light maintenance, parking lots, and equipment maintenance.

#### Water and Waste Water

This service provides the municipality's drinking water. They process and clean sewage and ensure the municipality's water system meets all Provincial standards.

#### General Government

This item related to the revenues and expenses that relate to the operations of the municipality itself and cannot be directly attributed to a specific segment.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses and equity in government business enterprises and government business partnerships that are directly attributable to a particular segments are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, payments in-lieu and penalties and interest.

allocated to those segments that are funded by these amounts based on the net surplus for the year.

## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

### 23. Segment Disclosure (continued)

For the year ended December 31	General Government	Protection Services	Transporta- tion Services	Sewer and Water	Environmental Services	Health Services	Transit	Recreation and Cultural Services	Planning and Develop- ment	2013 Total
<b>Revenue</b>										
Taxation	\$ 3,043,178	\$ 9,406,187	\$ 6,086,357	\$ 3,596,484	\$ -	\$ -	\$ 276,653	\$ 4,149,789	\$ 1,106,610	\$ 27,665,258
Fees and user charges	212,541	1,302,150	81,605	10,259,029	13,862	56,839	160,591	2,361,764	181,469	14,629,850
Grants	39,576	644,036	(51,501)	290,984	287,555	-	-	70,560	123,799	1,405,009
Equity in income of Orangeville Hydro Limited	707,521	-	-	-	-	-	-	-	-	707,521
Other revenue	954,054	56,267	19,389	1	-	5,893	-	660,712	13,504	1,709,820
Obligatory reserve fund revenue recognized	13,752	-	2,865,627	138,730	-	-	206,487	187,878	33,275	3,445,749
	<u>4,970,622</u>	<u>11,408,640</u>	<u>9,001,477</u>	<u>14,285,228</u>	<u>301,417</u>	<u>62,732</u>	<u>643,731</u>	<u>7,430,703</u>	<u>1,458,657</u>	<u>49,563,207</u>
<b>Expenses</b>										
Salaries and benefits	2,863,735	10,608,305	1,903,911	1,893,840	16,952	103,658	79,027	4,634,698	716,369	22,820,495
Interest on debt	-	-	521,063	-	-	-	-	224,222	28,878	774,163
Materials and supplies	1,177,729	1,195,024	1,082,765	2,624,202	20,889	47,145	(57,985)	1,817,813	841,256	8,748,838
Contracted services	528,345	956,200	1,602,833	1,960,973	66,108	11,196	585,942	363,873	155,811	6,231,281
Other transfers	-	141,526	-	148,026	-	-	22,200	70,209	118,783	500,744
Rents and financial expenses	148,268	115,542	51,059	56,677	-	1,246	-	15,500	561	388,853
Amortization	421,191	348,606	2,697,855	2,149,381	-	-	-	1,339,758	6,836	6,963,627
Transfers to obligatory reserve funds	-	-	-	3,421,172	-	-	-	-	-	3,421,172
	<u>5,139,268</u>	<u>13,365,203</u>	<u>7,859,486</u>	<u>12,254,271</u>	<u>103,949</u>	<u>163,245</u>	<u>629,184</u>	<u>8,466,073</u>	<u>1,868,494</u>	<u>49,849,173</u>
<b>Net surplus (deficit)</b>	<b>\$ (168,646)</b>	<b>\$ (1,956,563)</b>	<b>\$ 1,141,991</b>	<b>\$ 2,030,957</b>	<b>\$ 197,468</b>	<b>\$ (100,513)</b>	<b>\$ 14,547</b>	<b>\$ (1,035,370)</b>	<b>\$ (409,837)</b>	<b>\$ (285,966)</b>

## The Corporation of the Town of Orangeville Notes to the Consolidated Financial Statements

**December 31, 2013**

### 23. Segment Disclosure (continued)

For the year ended December 31	General Government	Protection Services	Transporta- tion Services	Sanitary Sewer and Water	Environmental Services	Health Services	Transit	Recreation and Cultural Services	Planning and Development	2012 Total
<b>Revenue</b>										
Taxation	\$ 3,629,530	\$ 10,330,200	\$ 2,512,751	\$ 3,908,724	\$ 1,395,973	\$ -	\$ 279,195	\$ 4,746,308	\$ 1,116,778	\$ 27,919,459
Fees and user charges	199,552	1,469,299	58,764	9,767,452	78,566	43,096	167,915	2,322,143	272,460	14,379,247
Grants	2,910	479,460	57,947	280,297	232,310	-	-	55,228	80,000	1,188,152
Equity in income of Orangeville Hydro Limited	1,237,215	-	-	-	-	-	-	-	-	1,237,215
Other revenue	839,777	60,013	4,609,339	(215)	-	9,625	-	528,751	44,826	6,092,116
Obligatory reserve fund revenue recognized	185,836	-	4,507,755	2,104,608	-	-	254,174	433,456	-	7,485,829
	<u>6,094,820</u>	<u>12,338,972</u>	<u>11,746,556</u>	<u>16,060,866</u>	<u>1,706,849</u>	<u>52,721</u>	<u>701,284</u>	<u>8,085,886</u>	<u>1,514,064</u>	<u>58,302,018</u>
<b>Expenses</b>										
Salaries and benefits	3,425,608	10,421,423	1,892,800	1,783,238	28,599	91,740	93,314	4,400,753	723,312	22,860,787
Interest on debt	-	-	-	5,299	-	-	-	236,057	55,929	297,285
Materials and supplies	298,248	1,071,335	1,659,395	2,480,612	60,573	36,119	(46,792)	1,792,255	364,969	7,716,714
Contracted services	528,035	502,245	1,225,582	1,962,301	1,768,644	17,439	532,213	310,124	105,630	6,952,213
Contributions from other organizations	-	141,432	-	151,403	-	-	22,200	53,759	148,573	517,367
Rents and financial expenses	119,252	117,533	40,517	-	-	1,221	-	26,175	957	305,655
Amortization	419,201	340,730	2,592,855	2,213,307	-	-	-	1,272,841	-	6,838,934
Transfers to obligatory reserve funds	-	-	-	2,857,854	-	-	-	-	255,565	3,113,419
	<u>4,790,344</u>	<u>12,594,698</u>	<u>7,411,149</u>	<u>11,454,014</u>	<u>1,857,816</u>	<u>146,519</u>	<u>600,935</u>	<u>8,091,964</u>	<u>1,654,935</u>	<u>48,602,374</u>
<b>Net surplus (deficit)</b>	<b>\$ 1,304,476</b>	<b>\$ (255,726)</b>	<b>\$ 4,335,407</b>	<b>\$ 4,606,852</b>	<b>\$ (150,967)</b>	<b>\$ (93,798)</b>	<b>\$ 100,349</b>	<b>\$ (6,078)</b>	<b>\$ (140,871)</b>	<b>\$ 9,699,644</b>

The Corporation of the  
Town of Orangeville  
Trust Funds  
Financial Statements  
For the year ended December 31, 2013



Tel: 519 941 0681  
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BDO Canada LLP  
77 Broadway  
Orangeville ON L9W 1K1 Canada

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## Independent Auditor's Report

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### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Orangeville

We have audited the accompanying financial information of the trust funds of the Corporation of the Town of Orangeville, which comprise the balance sheet as at December 31, 2013 and the statement of continuity of the trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on this financial information 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 financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, 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 financial information 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 financial information.

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 financial information presents fairly, in all material respects, the financial position of the trust funds of the Corporation of the Town of Orangeville as at December 31, 2013 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Orangeville, Ontario  
June 23, 2014

**The Corporation of the Town of Orangeville  
Trust Funds  
Balance Sheet**

**December 31, 2013**

Assets	Cemetery			2013 Total	2012 Total
	Perpetual Care	Ferns Memorial	Develop. Fund		
<b>Current</b>					
Cash	\$ 157,324	\$ 14,871	\$ 29,377	\$ 201,572	\$ 5,396,699
Accrued interest	-	-	10,913	10,913	-
Receivable	-	900	-	900	900
Investments, at cost (Note 2)	271,012	20,000	5,025,212	5,316,224	249,670
	<u>\$ 428,336</u>	<u>\$ 35,771</u>	<u>\$ 5,065,502</u>	<u>\$ 5,529,609</u>	<u>\$ 5,647,269</u>
<b>Liabilities</b>					
Due to general account	\$ 27,349	\$ -	\$ -	\$ 27,349	\$ 6,463
<b>Fund Balance</b>	<u>400,987</u>	<u>35,771</u>	<u>5,065,502</u>	<u>5,502,260</u>	<u>5,640,806</u>
	<u>\$ 428,336</u>	<u>\$ 35,771</u>	<u>\$ 5,065,502</u>	<u>\$ 5,529,609</u>	<u>\$ 5,647,269</u>

**Statement of Continuity**

**December 31, 2013**

	Cemetery			2013 Total	2012 Total
	Perpetual Care	Ferns Memorial	Develop. Fund		
<b>Balance, beginning of the year</b>	<u>\$ 363,915</u>	<u>\$ 35,551</u>	<u>\$ 5,241,340</u>	<u>\$ 5,640,806</u>	<u>\$ 3,691,417</u>
<b>Receipts</b>					
Perpetual care	20,430	-	-	20,430	25,330
Investment income	5,578	1,380	79,612	86,570	53,302
Fees and deposits	-	-	297,479	297,479	2,624,058
Gain on disposition of investments	16,117	-	-	16,117	-
	<u>42,125</u>	<u>1,380</u>	<u>377,091</u>	<u>420,596</u>	<u>2,702,690</u>
<b>Expenses</b>					
Transfer to Town of Orangeville	5,053	1,160	-	6,213	8,251
Unused fees and deposits returned	-	-	552,929	552,929	745,050
	<u>5,053</u>	<u>1,160</u>	<u>552,929</u>	<u>559,142</u>	<u>753,301</u>
<b>Balance, end of the year</b>	<u>\$ 400,987</u>	<u>\$ 35,771</u>	<u>\$ 5,065,502</u>	<u>\$ 5,502,260</u>	<u>\$ 5,640,806</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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**The Corporation of the Town of Orangeville  
Trust Funds  
Notes to Financial Statements**

December 31, 2013

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**1. Summary of Significant Accounting Policies**

**Management Responsibility** The financial information of the Corporation of the Town of Orangeville trust funds is the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Basis of Accounting** Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The balance sheet reflects all the financial assets and liabilities of the trust funds. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

**Financial Instruments** The Corporation of the Town of Orangeville trust funds classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash, receivable, investments, and due to general account. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the statement of continuity.

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**The Corporation of the Town of Orangeville  
Trust Funds  
Notes to Financial Statements**

December 31, 2013

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**2. Investments**

Investments totaling \$291,012 (2012 - \$249,670) consist of corporate bonds with interest rates ranging from 2.43% to 5.30% (2012 - 5.00% to 5.80%). The market value of these investments was \$289,559 (2012 - \$279,462).

Investments totaling \$5,025,212 (2012 - \$0) consist of term deposits with interest rates ranging from 1.50% to 1.53%. The market value of these investments was \$5,036,333.

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**3. Letters of Credit**

In addition to funds held in trust for developers, the Municipality also held letters of credit from developers of \$13,723,735 (2012 - \$12,916,425) as at December 31, 2013.

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**4. Financial Instrument Risk Management**

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The municipality is exposed to credit risk arising from its cash and receivable. Cash is held in accounts at one financial institution and two investment firms in excess of CDIC deposit insurance limits.

**Liquidity Risk**

Liquidity risk is the risk that the municipality encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the municipality will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from due to general account. The organization has sufficient bank and investment balances to extinguish its liabilities.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

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