

**The Corporation of the
Town of Orangeville
Financial Statements
For the year ended December 31, 2015**

The Corporation of the Town of Orangeville
Financial Statements
For the year ended December 31, 2015

Contents

The Corporation of the Town of Orangeville	
Independent Auditor's Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Cash Flows	6
Summary of Significant Accounting Policies	7 - 10
Notes to the Consolidated Financial Statements	11 - 33
The Corporation of the Town of Orangeville Trust Funds	
Independent Auditor's Report	35
Balance Sheet and Statement of Continuity	36
Notes to the Financial Statements	37 - 39



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Independent Auditor's Report

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, 2015 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, 2015 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 Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
June 20, 2016

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

December 31	2015	2014
		(restated) (Note 22)
Assets and Liabilities		
Financial Assets		
Cash and bank (Note 1)	\$ 10,483,997	\$ 5,125,633
Temporary investments (Note 2)	14,440,445	14,280,222
Taxes receivable	1,079,476	1,639,235
Accounts and grants receivable	3,925,716	3,546,055
Long-term investments (Note 3)	8,992,644	8,762,431
	38,922,278	33,353,576
Liabilities		
Temporary borrowings (Note 5)	1,740,000	2,660,000
Accounts payable and accrued liabilities	5,195,098	3,309,496
Deferred revenue (Note 4)	10,644,740	9,713,621
Net long-term liabilities (Note 6)	20,760,860	21,259,955
Post-employment benefits (Note 10)	1,885,360	1,841,362
Landfill site post-closure liability (Note 12)	465,369	480,676
	40,691,427	39,265,110
Net debt	(1,769,149)	(5,911,534)
Non-financial Assets		
Inventory held for own use	18,353	21,836
Prepaid expenses	67,098	193,856
Tangible capital assets (Note 7)	180,849,734	177,883,018
	180,935,185	178,107,710
Accumulated surplus (Note 8)	\$179,166,036	\$172,187,176
Contingencies (Note 21)		

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

For the year ended December 31	2015	2015	2014
	Budget	Actual	Actual (restated) (Note 22)
Revenue			
Taxation	\$ 30,883,046	\$ 31,321,102	\$ 29,251,503
Fees and user charges	15,966,153	15,622,870	15,269,746
Grants (Note 15)	3,487,617	1,762,005	1,812,529
Other income (Note 14)	1,930,959	1,298,108	657,607
Obligatory reserve funds revenue recognized	1,260,927	4,104,035	2,260,035
Equity in income of Orangeville Hydro Limited	242,250	516,400	675,879
	<u>53,770,952</u>	<u>54,624,520</u>	<u>49,927,299</u>
Expenses			
General government	4,593,435	4,627,722	4,383,567
Protection services	14,027,365	13,325,827	13,773,835
Transportation services	9,738,029	9,167,387	10,471,842
Environmental services	10,269,704	9,594,584	9,450,625
Health services	109,564	86,712	88,811
Recreation and cultural services	9,377,845	9,023,075	9,173,717
Planning and development	1,897,967	1,820,353	1,833,206
	<u>50,013,909</u>	<u>47,645,660</u>	<u>49,175,603</u>
Annual surplus	3,757,043	6,978,860	751,696
Accumulated surplus, beginning of year	172,187,176	172,187,176	171,602,084
Prior period adjustment (Note 22)	-	-	(166,604)
Accumulated surplus, end of year	<u>\$ 175,944,219</u>	<u>\$ 179,166,036</u>	<u>\$ 172,187,176</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

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
Annual surplus	\$ 3,757,043	\$ 6,978,860	\$ 751,696
Acquisition of tangible capital assets	(14,813,490)	(11,098,847)	(7,966,144)
Amortization of tangible capital assets	7,671,928	7,664,929	7,661,145
Loss on disposal of tangible capital assets	-	447,176	1,243,093
Proceeds on disposal of tangible capital assets	-	20,026	68,949
	<u>(7,141,562)</u>	<u>(2,966,716)</u>	1,007,043
Change in inventory held for own use	-	3,483	4,931
Change in prepaid expenses	-	126,758	(188,288)
	-	<u>130,241</u>	<u>(183,357)</u>
Increase (decrease) in net financial assets	(3,384,519)	4,142,385	1,575,382
Net debt, beginning of the year	<u>(5,911,534)</u>	<u>(5,911,534)</u>	<u>(7,486,916)</u>
Net debt, end of the year	<u>\$ (9,296,053)</u>	<u>\$ (1,769,149)</u>	<u>\$ (5,911,534)</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	2015	2014
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 6,978,860	\$ 751,696
Items not involving cash		
Income from contribution of tangible capital assets	(23,446)	-
Net income from Orangeville Hydro Limited accounted for using the modified equity method	(516,400)	(675,879)
Amortization of tangible capital assets	7,664,929	7,661,145
Future employment benefit liability	43,998	34,924
Landfill site post-closure liability	(15,307)	189,546
Deferred revenue recognized	(4,104,035)	(2,260,035)
Loss on disposal of tangible capital assets	447,176	1,243,093
	<u>10,475,775</u>	<u>6,944,490</u>
Changes in non-cash working capital items		
Taxes receivable	559,759	802,837
Accounts and grants receivable	(379,661)	26,396
Accounts payable and accrued liabilities	1,885,602	(2,570,340)
Deferred revenue received	5,035,154	4,185,506
Inventory held for own use	3,483	4,931
Prepaid expenses	126,758	(188,288)
	<u>17,706,870</u>	<u>9,205,532</u>
Capital transactions		
Cash used to acquire tangible capital assets	(11,075,401)	(7,966,144)
Proceeds on sale of tangible capital assets	20,026	68,949
	<u>(11,055,375)</u>	<u>(7,897,195)</u>
Investing activities		
Dividends received from Orangeville Hydro Limited	286,187	400,487
Financing activities		
Proceeds from long-term liabilities	1,178,847	2,450,000
Repayments of long-term liabilities	(1,677,942)	(1,247,911)
Decrease in temporary borrowings	(920,000)	(1,660,000)
	<u>(1,419,095)</u>	<u>(457,911)</u>
Net increase in cash and bank	5,518,587	1,250,913
Cash and bank, beginning of year	19,405,855	18,154,942
Cash and bank, end of year	\$ 24,924,442	\$ 19,405,855
Cash and cash equivalents comprised of:		
Cash	\$ 10,483,997	\$ 5,125,633
Temporary investments	14,440,445	14,280,222
	<u>\$ 24,924,442</u>	<u>\$ 19,405,855</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 Summary of Significant Accounting Policies

December 31, 2015

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 Professional 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 Library Board

Town of Orangeville Business Improvement Area

Orangeville Railway Development Corporation

Town of Orangeville Police Services Board

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

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

December 31, 2015

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.												
Financial Instruments	<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>												
Cash and Cash Equivalents	The Town considers all short term, highly liquid investments with an original maturity of three months or less to be cash equivalents.												
Inventory Held for Own Use	Inventory held for consumption is recorded at the lower of cost and replacement cost.												
Tangible Capital Assets	<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><tr><td>Land improvements</td><td>15 years</td></tr><tr><td>Buildings</td><td>15 - 40 years</td></tr><tr><td>Roads</td><td>15 - 40 years</td></tr><tr><td>Water and sewer systems</td><td>40 years</td></tr><tr><td>Equipment</td><td>5 - 20 years</td></tr><tr><td>Vehicles</td><td>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												

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

December 31, 2015

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.

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

December 31, 2015

Taxation and Related Revenues	<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>
Government Transfers	<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>
Trust Funds	<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>
Post-Employment Benefits	<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>

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

December 31, 2015

1. Cash and Bank

	2015	2014
Unrestricted cash and cash equivalents	\$ 8,394,293	\$ 3,035,929
Restricted cash and cash equivalents	2,089,704	2,089,704
	\$ 10,483,997	\$ 5,125,633

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%.

2. Temporary Investments

	2015	2014
Unrestricted One Investment Program money market fund.	\$ 4,054,599	\$ 4,022,830
Restricted term deposits earning 1.0% (2014 - 1.4% - 1.45%), maturing February 5, 2016 - February 11, 2016 (2014 - January 5, 2015 - May 4, 2015).	5,267,929	6,202,700
Unrestricted term deposits earning 0.95% - 1.0% (2014 - 1.4% - 1.45%), maturing January 5, 2016 - February 11, 2016 (2014 - January 5, 2015 - May 4, 2015).	5,117,917	4,054,692
	\$ 14,440,445	\$ 14,280,222

Investments have a market value of \$14,440,445 (2014 - \$14,310,140) at the end of the year.

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

December 31, 2015

3. 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:

	2015	2014
Investment in Orangeville Hydro Limited		
Investment in common shares	\$ 7,815,535	\$ 7,815,535
Net equity	1,177,108	946,895
	8,992,643	8,762,430
 Investment in Orangeville Hydro Services Inc.		
Investment in common share	1	1
	\$ 8,992,644	\$ 8,762,431

Condensed financial results for the government business enterprises are disclosed in Note 16.

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

	2015	2014
Expenses		
Streetlighting maintenance and water and sewer billing charge from Orangeville Hydro Limited	\$ 570,021	\$ 477,305

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.

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

December 31, 2015

4. Deferred Revenue

	2015	2014
Obligatory Reserve Funds		
Development charges act	\$ 7,785,210	\$ 8,710,480
Building permits	236,485	257,814
Recreational land	680,500	265,755
Parking revenues	25	25
MTO transit program	227,485	279,757
Transportation grants	1,044,288	-
Federal gas tax	454,160	72,090
	10,428,153	9,585,921
Other		
Grants	39,907	31,445
Deposits	176,680	96,255
	10,644,740	9,713,621

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	\$ 8,710,480	\$ 2,261,969	\$ 112,170	\$ (3,299,409)	\$ 7,785,210
Building permits	257,814	-	1,015	(22,344)	236,485
Recreational land	265,755	447,893	2,746	(35,894)	680,500
Parking revenues	25	-	-	-	25
MTO transit program	279,757	259,848	4,209	(316,329)	227,485
Transportation grants	-	1,044,288	-	-	1,044,288
Federal gas tax	72,090	810,027	2,102	(430,059)	454,160
	\$ 9,585,921	\$ 4,824,025	\$ 122,242	\$(4,104,035)	\$10,428,153

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

December 31, 2015

5. Temporary Borrowings

	<u>2015</u>	<u>2014</u>
Operating loan	<u>\$ 1,740,000</u>	<u>\$ 2,660,000</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.

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

December 31, 2015

6. Long-term Liabilities

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

	2015	2014
Loan payable, 29 First Street, prime minus 0.75%, payable in monthly payments of \$733 principal plus interest, due May 2023.	\$ 170,728	\$ 179,521
Loan payable, BIA, 82 Broadway, 2.54%, payable in monthly payments of \$3,138 principal and interest, due December 2019.	680,572	704,555
Loan payable, 120 Diane Drive, 2.86%, payable in monthly payments of \$7,606 principal and interest, due December 2018.	990,029	1,052,114
Loan payable, C Line, 1.90%, payable in monthly payments of \$6,459 principal and interest, due December 2016.	915,647	973,590
Loan payable, Tourism Information Centre, 2.79%, payable in monthly payments of \$3,920 principal and interest, due December 2018.	336,900	374,004
Loan payable, BIA, 172 Broadway, 2.13%, payable in monthly payments of \$3,643 principal and interest, due December 2017.	688,735	717,886
Loan payable, Alder Street recreation centre, 1.92%, payable in monthly payments of \$39,601 principal and interest, due December 2016, maturing 2025.	3,719,545	3,999,196
Loan payable, Humber College land, 5.15%, payable in monthly payments of \$19,045 principal and interest, due March 2016, maturing 2026.	1,819,181	1,950,339
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.	2,106,420	2,258,288
Loan payable, Westdale improvement area, 4.91%, payable in monthly payments of \$25,150 principal and interest, due November 2016, maturing 2026.	2,547,828	2,720,270

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

December 31, 2015

6. 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 2018, maturing 2026.	3,105,889	3,342,928
Loan payable, BIA parking lot, 4.60%, payable in monthly payments of \$4,785 principal and interest, due April 2019, maturing 2029.	571,758	602,190
Loan payable, Tony Rose Rink A replacement, 1.93%, payable in monthly payments of \$16,667 principal, due August 2017.	337,623	535,074
Loan payable, Capital deficit funding, 2.38%, payable in monthly payments of \$21,183 principal and interest, due December 2018.	1,637,521	1,850,000
Loan payable, Streetlights, 2.36%, payable in variable monthly payments of principal and interest, due December 2025.	1,038,615	-
Capital lease payable, Police phone system, 4.10%, payable in monthly payments of \$1,907 principal and interest, due June 2020.	93,869	-
	<u>\$ 20,760,860</u>	<u>\$ 21,259,955</u>

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

2016	\$ 12,056,985
2017	1,548,687
2018	5,105,307
2019	1,215,042
2020	120,396
Thereafter	<u>714,443</u>
	<u>\$ 20,760,860</u>

Interest expense in the amount of \$797,350 (2014 - \$788,136) 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.

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

December 31, 2015

7. Tangible Capital Assets

								2015
	Land	Land Improvements	Buildings	Roads	Water and Sewer Systems	Equipment	Vehicles	Total
Cost, beginning of year	\$15,125,894	\$ 14,784,920	\$ 41,124,232	\$ 81,609,364	\$ 115,431,269	\$13,686,736	\$ 5,016,952	\$ 286,779,367
Additions	4	543,022	6,539,187	2,225,857	228,273	1,084,164	478,340	11,098,847
Disposals	(15,419)	(21,383)	(131,256)	(617,079)	(21,326)	(99,105)	(90,466)	(996,034)
Transfers	-	506,657	20,097	(841,889)	315,135	172,335	(172,335)	-
Cost, end of year	15,110,479	15,813,216	47,552,260	82,376,253	115,953,351	14,844,130	5,232,491	296,882,180
Accumulated amortization, beginning of year	-	8,158,733	11,179,628	43,285,637	37,103,082	6,766,130	2,403,139	108,896,349
Amortization	-	657,747	1,140,555	2,350,794	2,095,573	963,472	456,788	7,664,929
Disposals	-	(20,186)	(23,190)	(291,349)	(6,833)	(97,581)	(89,693)	(528,832)
Transfers	-	6,857	-	(6,857)	-	61,038	(61,038)	-
Accumulated amortization, end of year	-	8,803,151	12,296,993	45,338,225	39,191,822	7,693,059	2,709,196	116,032,446
Net carrying amount, end of year	\$15,110,479	\$ 7,010,065	\$ 35,255,267	\$ 37,038,028	\$ 76,761,529	\$ 7,151,071	\$ 2,523,295	\$ 180,849,734

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

December 31, 2015

7. Tangible Capital Assets (continued)

								2014 (restated - Note 22)
	Land	Land Improvements	Building	Roads	Water and Sewer System	Equipment	Vehicles	Total
Cost, beginning of year	\$14,772,215	\$ 14,288,399	\$ 44,300,275	\$ 83,536,875	\$ 109,864,839	\$11,164,007	\$ 5,157,603	\$ 283,084,213
Additions	850,612	785,275	1,508,830	3,469,056	122,268	1,003,490	226,613	7,966,144
Disposals	-	(118,427)	-	(1,877,228)	(1,897,952)	(13,018)	(364,365)	(4,270,990)
Transfers	(496,933)	(170,327)	(4,684,873)	(3,519,339)	7,342,114	1,532,257	(2,899)	
Cost, end of year	15,125,894	14,784,920	41,124,232	81,609,364	115,431,269	13,686,736	5,016,952	286,779,367
Accumulated amortization, beginning of year	-	7,584,582	10,156,065	42,053,557	36,156,045	5,978,507	2,265,396	104,194,152
Amortization	-	692,374	1,009,595	2,564,507	2,231,028	716,074	447,567	7,661,145
Disposals	-	(108,594)	-	(1,330,368)	(1,203,734)	(7,660)	(308,592)	(2,958,948)
Transfers	-	(9,629)	13,968	(2,059)	(80,257)	79,209	(1,232)	-
Accumulated amortization, end of year	-	8,158,733	11,179,628	43,285,637	37,103,082	6,766,130	2,403,139	108,896,349
Net carrying amount, end of year	\$15,125,894	\$ 6,626,187	\$ 29,944,604	\$ 38,323,727	\$ 78,328,187	\$ 6,920,606	\$ 2,613,813	\$ 177,883,018

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

December 31, 2015

7. Tangible Capital Assets (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$8,564,999 (2014 - \$3,105,258). The assets under construction include buildings, roads, and equipment.

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.

8. Accumulated Surplus

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

	2015	2014
		(restated)
		(Note 22)
Invested in tangible capital assets	\$ 180,849,734	\$ 177,883,018
Unfunded long-term liabilities	(20,760,860)	(21,259,955)
Unfunded post-employment benefits	(1,885,360)	(1,841,362)
Tangible capital assets already financed (to be financed in the future)	(1,733,636)	1,134,789
Unfunded solid waste closure and post-closure costs	(465,369)	(480,676)
General surplus (deficit)	(461,647)	(1,905,382)
Equity in Orangeville Hydro	8,992,644	8,762,431
Business improvement area	18,193	12,080
Orangeville Railway Development Corporation	(54,941)	(21,681)
	164,498,758	162,283,262
Reserves and reserve funds (Note 9)	14,667,278	9,903,914
Accumulated surplus	\$ 179,166,036	\$ 172,187,176

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

December 31, 2015

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

	<u>2015</u>	<u>2014</u>
Reserves		
Working funds	\$ 423,565	\$ 336,004
Insurance, sick leave and WSIB	158,585	159,260
Current purposes	1,247,727	985,990
Capital purposes	171,674	183,780
	<u>2,001,551</u>	<u>1,665,034</u>
 Reserve funds		
Working funds	4,111,518	3,386,484
Water and sewer	6,978,984	4,054,692
Capital purposes	1,575,225	797,704
	<u>12,665,727</u>	<u>8,238,880</u>
 Reserves and reserve funds set aside for specific purpose by Council	 <u>\$ 14,667,278</u>	 <u>\$ 9,903,914</u>

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

December 31, 2015

10. 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:

	2015	2014
Post-employment benefits	\$ 1,284,789	\$ 1,640,494
Vested sick leave	4,794	9,682
Workplace Safety and Insurance Board obligations	59,056	67,446
	1,348,639	1,717,622
Unamortized actuarial gains	536,721	123,740
	\$ 1,885,360	\$ 1,841,362

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:

	2015	2014
Current period benefit cost	\$ 88,864	\$ 92,125
Retirement benefit interest	66,417	63,877
Amortization of unamortized actuarial gains	(24,816)	(24,816)
Total expenses related to retirement benefit	\$ 130,465	\$ 131,186

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 \$76,831 (2014 - \$70,270).

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, 2015 was \$158,585 (2014 - \$159,260).

The Corporation of the Town of Orangeville

Notes to the Consolidated Financial Statements

December 31, 2015

10. 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 2015. The assumptions used reflect the Town's best estimates.

Discount rate	4.75% per year
Dental premium rates	Escalate at 4% per year
Health care premium rates	Escalate at 4.667% in 2016 reducing by 0.333% per year to 4%; 4% thereafter
Future salaries	Escalate at 3% per year
Future inflation rate	2% per year

11. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 213 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 2015 by the municipality was \$3,232,971 (2014 - \$3,074,160). The contribution rate for 2015 was 9.0% to 15.8% depending on income level (2014 - 9.0% to 15.9%).

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, 2015. At that time the plan reported a \$7.0 billion actuarial deficit (2014 - \$7.1 billion deficit), based on actuarial liabilities of \$81.9 billion (2014 - \$76.9 billion) and actuarial assets of \$74.9 billion (2014 - \$69.8 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

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

December 31, 2015

12. Landfill Site Post-Closure Liability

The estimated post-closure liability for a landfill site that closed in 1970 as at December 31, 2015 is \$465,369 (2014 - \$480,676). The liability is based on current monitoring, maintenance and consulting costs of \$13,000 on an annual basis inflated at a rate of 1.10% per year and discounted at a rate of 3.0%. 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.

13. 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:

	2015	2014
School boards	\$ 10,694,352	\$ 10,568,068
The Corporation of the County of Dufferin	14,241,056	13,820,180
	\$ 24,935,408	\$ 24,388,248

14. Other Income (Expense)

	2015	2015	2014
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 533,000	\$ 448,695	\$ 665,007
Licences, permits and rents	105,000	120,989	129,349
Other fines and penalties	241,500	183,389	217,162
Investment income	17,300	163,135	129,801
Rents, concessions and franchises	578,326	556,619	546,870
Donations	5,300	101,763	186,151
Loss on disposal of tangible capital assets	-	(447,176)	(1,243,093)
Contribution of tangible capital assets	-	23,446	-
Other	450,533	147,248	26,360
	\$ 1,930,959	\$ 1,298,108	\$ 657,607

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

December 31, 2015

15. Grants

	2015	2015	2014
	Budget	Actual	Actual
Operating			
Province of Ontario			
Conditional - Roads	\$ -	\$ 2,368	\$ 2,400
- Sewer and Water	-	-	850
- Other	402,141	522,998	812,201
	402,141	525,366	815,451
Government of Canada			
Conditional - Other	4,800	10,312	13,810
Other Municipalities			
Conditional - Sewer and water	328,751	324,378	310,000
- Other	673,219	676,603	556,884
	1,001,970	1,000,981	866,884
Total operating grants	1,408,911	1,536,659	1,696,145
Tangible Capital Asset			
Province of Ontario			
Conditional - Roads	1,898,706	180,346	-
- Sewer and water	-	-	27,740
- Other	-	-	88,644
	1,898,706	180,346	116,384
Government of Canada			
Conditional - Roads	180,000	-	-
- Other	-	45,000	-
	180,000	45,000	-
Total tangible capital asset grants	2,078,706	225,346	116,384
Total grants	\$ 3,487,617	\$ 1,762,005	\$ 1,812,529

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

December 31, 2015

16. 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	<u>2015</u>	<u>2014</u>
		(restated)
Assets	<u>\$ 28,934,280</u>	<u>\$ 27,848,765</u>
Liabilities	19,425,743	18,587,024
Shareholders' equity	<u>9,508,537</u>	<u>9,261,741</u>
	<u>\$ 28,934,280</u>	<u>\$ 27,848,765</u>
Results of Operations		
Revenues	\$ 34,899,060	\$ 32,112,786
Expenses	<u>34,349,420</u>	<u>31,400,747</u>
Net income for the year	<u>\$ 549,640</u>	<u>\$ 712,039</u>
Dividends paid during the year	<u>\$ 302,844</u>	<u>\$ 423,796</u>

In the current year, Orangeville Hydro Limited adopted International Financial Reporting Standards (IFRS). As a result of adopting IFRS certain balances in Orangeville Hydro's prior year statements were restated.

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

December 31, 2015

16. 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 and is currently inactive. The Corporation of the Town of Orangeville owns 100% of the outstanding shares of Orangeville Hydro Services Inc.

Balance Sheet	2015	2014
Current assets	\$ 1	\$ 1
Shareholder's equity	1	1

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

December 31, 2015

17. 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	\$ 10,483,997	\$ -	\$ -	\$ -	\$ -
Temporary investments	5,069,644	9,370,801	-	-	-
Accounts and grants receivable	3,925,716	-	-	-	-
Net amount receivable	<u>\$ 19,479,357</u>	<u>\$ 9,370,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 1,740,000	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	5,195,098	-	-	-	-
Net long-term liabilities	-	-	12,056,985	7,989,432	714,443
Total financial liabilities	<u>\$ 6,935,098</u>	<u>\$ -</u>	<u>\$ 12,056,985</u>	<u>\$ 7,989,432</u>	<u>\$ 714,443</u>

The Corporation of the Town of Orangeville

Notes to the Consolidated Financial Statements

December 31, 2015

17. 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.

18. Budgets

Under Canadian Public sector accounting standards, budget amounts are to be reported on the statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2015 budget amounts for the Town of Orangeville approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. Amortization is not included in the budget approved by Council. For comparative purposes, budget figures have been adjusted for amortization based upon actual. The following is a reconciliation of the budget approved by Council.

	2015	2015	2014
	Budget	Actual	Actual
Annual surplus (deficit) (Page 4)	\$ 3,757,043	\$ 6,978,860	\$ 751,696
Amortization of tangible capital assets	7,664,928	7,664,929	7,661,145
Change in unfunded liabilities	-	28,691	224,470
Change in other surpluses (deficits)	(1,000)	(203,066)	(241,922)
	11,420,971	14,469,414	8,395,389
Net transfers to reserves	(3,547,759)	(4,763,365)	(1,297,178)
Tangible capital asset acquisitions, disposals and write-down	(14,813,490)	(10,631,644)	(6,654,102)
Prior year capital projects expended (funded)	-	2,868,425	(1,583,355)
Proceeds from long-term debt	8,207,299	1,178,847	2,450,000
Debt principal repayments	(1,267,021)	(1,677,942)	(1,247,911)
	-	1,443,735	62,843
Prior year general surplus (deficit)	-	(1,905,382)	(1,968,225)
General surplus (deficit) (Note 8)	\$ -	\$ (461,647)	\$ (1,905,382)

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

December 31, 2015

19. Trust Funds

The trust funds administered by the municipality amounting to \$3,036,417 (2014 - \$2,849,974) 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, 2015, the trusts fund balances are as follows:

	<u>2015</u>	<u>2014</u>
Cemetery care and maintenance funds	\$ 426,059	\$ 414,930
Ferns Memorial	36,187	35,954
Development Fund	<u>2,574,171</u>	<u>2,399,090</u>
	<u>\$ 3,036,417</u>	<u>\$ 2,849,974</u>

20. Contractual Commitments

The Town of Orangeville has entered into the following contracts:

- a) A five-year contract for transit bus services at an approximate cost of \$379,000 per year, beginning January 2, 2010, with the annual costs adjusted by CPI. This contract was extended for an additional two years with the same terms and conditions.
- b) A five-year contract for the haulage and disposal of biosolids at an approximate cost of \$767,000 per year, beginning December 1, 2010. This contract was extended for an additional two years with the same terms and conditions.

The Town of Orangeville has committed to spend approximately \$27,600,000 on capital projects in 2016 and beyond on various general government, transportation services, environmental services and community services capital projects.

21. 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.

The Corporation of the Town of Orangeville

Notes to the Consolidated Financial Statements

December 31, 2015

22. Prior Period Adjustments

During the year, the client identified water and wastewater assets that were incorrectly valued. A prior period adjustment is required to correct these assets.

As at January 1, 2014, tangible capital assets decreased by \$166,604 and opening accumulated surplus decreased by \$166,604.

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.

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.

The Corporation of the Town of Orangeville

Notes to the Consolidated Financial Statements

December 31, 2015

23. Segment Disclosure (continued)

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.

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, 2015

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	2015 Total
Revenue										
Taxation	\$ 3,758,532	\$ 11,275,597	\$ 8,456,698	\$ -	\$ -	\$ -	\$ 626,422	\$ 5,637,798	\$ 1,566,055	\$ 31,321,102
Fees and user charges	138,918	1,392,806	95,138	10,971,345	7,936	68,291	169,587	2,553,299	225,550	15,622,870
Grants	29,920	864,383	182,714	324,378	92,210	2,500	-	136,599	129,301	1,762,005
Equity in income of Orangeville Hydro Limited	516,400	-	-	-	-	-	-	-	-	516,400
Other revenue	687,080	88,047	(189,635)	18,953	-	27,273	-	654,543	11,847	1,298,108
Obligatory reserve fund revenue recognized	-	-	687,453	3,042,017	-	-	316,328	58,237	-	4,104,035
	<u>5,130,850</u>	<u>13,620,833</u>	<u>9,232,368</u>	<u>14,356,693</u>	<u>100,146</u>	<u>98,064</u>	<u>1,112,337</u>	<u>9,040,476</u>	<u>1,932,753</u>	<u>54,624,520</u>
Expenses										
Salaries and benefits	3,130,026	10,609,037	1,992,674	2,103,523	-	42,180	105,919	4,935,740	861,555	23,780,654
Interest on debt	16,290	-	734,774	-	-	-	-	-	60,539	811,603
Materials and supplies	497,207	1,585,900	1,436,810	2,755,562	21,797	26,500	3,674	1,970,245	523,837	8,821,532
Contracted services	679,559	433,968	1,377,287	2,009,488	(5,835)	16,546	604,780	435,347	165,073	5,716,213
Other transfers	-	151,418	-	153,961	-	-	23,000	71,793	174,782	574,954
Rents and financial expenses	48,117	74,634	51,165	61,711	-	1,486	-	18,307	20,354	275,774
Amortization	256,523	470,870	2,837,304	2,494,377	-	-	-	1,591,643	14,213	7,664,930
	<u>4,627,722</u>	<u>13,325,827</u>	<u>8,430,014</u>	<u>9,578,622</u>	<u>15,962</u>	<u>86,712</u>	<u>737,373</u>	<u>9,023,075</u>	<u>1,820,353</u>	<u>47,645,660</u>
Net surplus (deficit)	\$ 503,128	\$ 295,006	\$ 802,354	\$ 4,778,071	\$ 84,184	\$ 11,352	\$ 374,964	\$ 17,401	\$ 112,400	\$ 6,978,860

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

December 31, 2015

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	2014 Total
Revenue										
Taxation	\$ 2,925,150	\$ 10,238,026	\$ 9,067,966	\$ -	\$ -	\$ -	\$ 585,030	\$ 5,265,271	\$ 1,170,060	\$ 29,251,503
Fees and user charges	166,521	1,414,471	127,076	10,628,737	8,974	55,787	178,130	2,443,865	246,185	15,269,746
Grants	6,853	847,304	2,400	338,590	297,722	-	-	150,694	168,966	1,812,529
Equity in income of Orangeville Hydro Limited	675,879	-	-	-	-	-	-	-	-	675,879
Other revenue	987,786	53,962	(507,258)	(640,416)	-	34,828	-	726,293	2,412	657,607
Obligatory reserve fund revenue recognized	-	-	1,611,631	355,937	-	-	252,918	9,322	30,227	2,260,035
	<u>4,762,189</u>	<u>12,553,763</u>	<u>10,301,815</u>	<u>10,682,848</u>	<u>306,696</u>	<u>90,615</u>	<u>1,016,078</u>	<u>8,595,445</u>	<u>1,617,850</u>	<u>49,927,299</u>
Expenses										
Salaries and benefits	3,118,613	10,987,004	2,159,823	2,001,496	(306)	40,059	107,243	4,782,899	759,081	23,955,912
Interest on debt	59,097	-	523,759	-	-	-	-	209,307	55,069	847,232
Materials and supplies	452,491	1,212,704	1,702,028	2,588,205	12,909	27,314	6,012	1,961,517	761,288	8,724,468
Contracted services	716,482	962,534	2,060,027	2,114,346	203,330	21,438	637,324	411,946	145,656	7,273,083
Other transfers	-	144,916	-	150,216	-	-	22,200	47,283	110,851	475,466
Rents and financial expenses	27,144	80,482	54,558	52,360	-	-	-	19,290	4,463	238,297
Amortization	9,740	386,195	3,198,868	2,328,069	-	-	-	1,741,475	(3,202)	7,661,145
	<u>4,383,567</u>	<u>13,773,835</u>	<u>9,699,063</u>	<u>9,234,692</u>	<u>215,933</u>	<u>88,811</u>	<u>772,779</u>	<u>9,173,717</u>	<u>1,833,206</u>	<u>49,175,603</u>
Net surplus (deficit)	<u>\$ 378,622</u>	<u>\$ (1,220,072)</u>	<u>\$ 602,752</u>	<u>\$ 1,448,156</u>	<u>\$ 90,763</u>	<u>\$ 1,804</u>	<u>\$ 243,299</u>	<u>\$ (578,272)</u>	<u>\$ (215,356)</u>	<u>\$ 751,696</u>

**The Corporation of the
Town of Orangeville
Trust Funds
Financial Statements
For the year ended December 31, 2015**



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Independent Auditor's Report

**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, 2015 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, 2015 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Orangeville, Ontario
June 20, 2016

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

December 31, 2015

Assets	Cemetery Perpetual Care	Ferns Memorial	Develop. Fund	2015 Total	2014 Total
Current					
Cash	\$ 179,253	\$ 16,064	\$ 476,090	\$ 671,407	\$ 485,733
Accrued interest	-	-	13,248	13,248	14,809
Receivable	-	900	-	900	900
Investments, at cost (Note 2)	271,760	20,000	2,084,833	2,376,593	2,362,991
	\$ 451,013	\$ 36,964	\$ 2,574,171	\$3,062,148	\$ 2,864,433
Liabilities					
Due to general account	\$ 24,954	\$ 777	-	\$ 25,731	\$ 14,459
Fund Balance	426,059	36,187	2,574,171	3,036,417	2,849,974
	\$ 451,013	\$ 36,964	\$ 2,574,171	\$3,062,148	\$ 2,864,433

Statement of Continuity

December 31, 2015

	Cemetery Perpetual Care	Ferns Memorial	Develop. Fund	2015 Total	2014 Total
Balance, beginning of the year	\$ 414,930	\$ 35,954	\$ 2,399,090	\$2,849,974	\$ 5,502,260
Receipts					
Perpetual care	22,330	-	-	22,330	12,855
Investment income	11,196	1,010	48,060	60,266	104,437
Fees and deposits	4,120	-	732,515	736,635	125,964
Gain (loss) on disposition of investments	-	-	(7,054)	(7,054)	13,740
	37,646	1,010	773,521	812,177	256,996
Expenses					
Transfer to Town of Orangeville	26,517	777	-	27,294	12,552
Payments and deposits returned	-	-	598,440	598,440	2,896,730
	26,517	777	598,440	625,734	2,909,282
Balance, end of the year	\$ 426,059	\$ 36,187	\$ 2,574,171	\$3,036,417	\$ 2,849,974

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

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

December 31, 2015

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.

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

December 31, 2015

2. Investments

Investments totaling \$1,278,772 (2014 - \$1,208,826) consist of corporate and government bonds with interest rates ranging from 1.370% to 5.680% (2014 - 2.433% to 5.68%). The market value of these investments was \$1,196,191 (2014 - \$1,196,191).

Investments totaling \$1,053,424 (2014 - \$1,118,670) consist of term deposits with interest rates of 1.00% (2014 - 1.41% to 1.61%). The market value of these investments was \$1,053,424 (2014 - \$1,199,636).

Investments totaling \$44,397 (2014 - \$35,195) consist of a money market fund. The market value of this investment is \$44,397 (2014 - \$35,495).

3. Letters of Credit

In addition to funds held in trust for developers, the Municipality also held letters of credit from developers of \$13,674,999 (2014 - \$13,287,249) as at December 31, 2015.

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

December 31, 2015

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.

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.