

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
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YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Orangeville as at December 31, 2021 and the consolidated results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Guelph, Ontario
May 30, 2022

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash	\$ 49,853,380	\$ 54,061,917
Restricted cash	9,381,372	9,322,159
Temporary investments (note 2)	15,497,745	14,381,243
Taxes receivable	2,364,187	2,749,454
Accounts receivable	4,469,166	3,976,375
Investments in government business enterprises (note 3)	<u>11,700,750</u>	<u>11,296,224</u>
	<u>93,266,600</u>	<u>95,787,372</u>
LIABILITIES		
Promissory note (note 5)	16,365,223	17,092,566
Accounts payable and accrued liabilities	5,415,622	10,685,040
Deferred revenue (note 6)	21,811,402	21,951,136
Long term debt (note 9)	13,424,893	14,980,441
Post employment benefits (note 7)	2,323,677	2,191,922
Landfill post-closure liability (note 11)	<u>482,751</u>	<u>428,837</u>
	<u>59,823,568</u>	<u>67,329,942</u>
NET FINANCIAL ASSETS	<u>33,443,032</u>	<u>28,457,430</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2) (note 4)	212,191,379	206,804,535
Inventory	9,536	36,280
Prepaid expenses	<u>217,842</u>	<u>261,658</u>
	<u>212,418,757</u>	<u>207,102,473</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$245,861,789</u>	<u>\$235,559,903</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 Budget (note 18)	2021 Actual	2020 Actual
REVENUES			
Taxation	\$ 39,021,739	\$ 38,074,610	\$ 38,134,885
Fees and user charges	16,674,569	14,951,193	15,124,126
Grants (note 14)	670,230	2,365,624	4,113,595
Other income (note 13)	4,893,736	6,261,213	4,936,574
Equity income from Orangeville Hydro Limited	434,307	917,906	1,026,759
	<u>61,694,581</u>	<u>62,570,546</u>	<u>63,335,939</u>
EXPENDITURES			
General government	11,157,806	10,119,946	8,630,997
Protection services	15,091,128	15,160,815	21,275,266
Transportation services	9,620,595	9,231,771	8,767,143
Environmental services	11,554,276	9,917,795	9,957,135
Health services	115,492	111,487	103,730
Recreation services	7,702,481	6,066,409	6,127,473
Planning and development	1,704,805	1,660,437	1,491,450
	<u>56,946,583</u>	<u>52,268,660</u>	<u>56,353,194</u>
ANNUAL SURPLUS	4,747,998	10,301,886	6,982,745
ACCUMULATED SURPLUS, beginning of year	<u>235,559,903</u>	<u>235,559,903</u>	<u>228,577,158</u>
ACCUMULATED SURPLUS, end of year	<u>\$240,307,901</u>	<u>\$245,861,789</u>	<u>\$235,559,903</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 Budget (note 18)	2021 Actual	2020 Actual
Annual surplus	\$ <u>4,747,998</u>	\$ <u>10,301,886</u>	\$ <u>6,982,745</u>
Acquisition of tangible capital assets	(47,695,512)	(13,121,155)	(10,242,413)
Amortization of tangible capital assets	7,675,579	7,675,579	7,729,911
Gain (loss) on disposal of tangible capital assets	0	(415,299)	(32,387)
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>474,031</u>	<u>89,474</u>
	<u>(40,019,933)</u>	<u>(5,386,844)</u>	<u>(2,455,415)</u>
Change in inventory	0	26,744	(12,825)
Change in prepaid expenses	<u>0</u>	<u>43,816</u>	<u>(38,345)</u>
	<u>0</u>	<u>70,560</u>	<u>(51,170)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	\$ <u>(35,271,935)</u>	4,985,602	4,476,160
NET FINANCIAL ASSETS at beginning of year		<u>28,457,430</u>	<u>23,981,270</u>
NET FINANCIAL ASSETS at end of year		\$ <u>33,443,032</u>	\$ <u>28,457,430</u>

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ 10,301,886	\$ 6,982,745
Items not requiring an outlay of cash		
Equity income from Orangeville Hydro Limited	(917,906)	(1,026,759)
Amortization of tangible capital assets	7,675,579	7,729,911
Gain (loss) on disposal of tangible capital assets	<u>(415,299)</u>	<u>(32,387)</u>
	16,644,260	13,653,510
Changes in non-cash working capital		
Accounts receivable	(492,791)	(288,331)
Prepaid expenses	43,816	(38,345)
Inventory	26,744	(12,825)
Taxes receivable	385,267	(239,617)
Accounts payable and accrued liabilities	(5,269,418)	3,926,075
Post employment benefits	131,755	116,010
Landfill post-closure liability	53,914	112,110
Deferred revenue	<u>(139,734)</u>	<u>221,355</u>
	<u>11,383,813</u>	<u>17,449,942</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Promissory note	(727,343)	(727,343)
Long term debt	<u>(1,555,548)</u>	<u>3,492,565</u>
	<u>(2,282,891)</u>	<u>2,765,222</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(13,121,155)	(10,242,413)
Proceeds on disposal of capital assets	<u>474,031</u>	<u>89,474</u>
	<u>(12,647,124)</u>	<u>(10,152,939)</u>
CASH PROVIDED BY INVESTING ACTIVITIES		
Dividends from Orangeville Hydro Limited	<u>513,380</u>	<u>425,979</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,032,822)	10,488,204
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>77,765,319</u>	<u>67,277,115</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 74,732,497</u>	<u>\$ 77,765,319</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	\$ 49,853,380	\$ 54,061,917
Restricted cash	9,381,372	9,322,159
Temporary investments	<u>15,497,745</u>	<u>14,381,243</u>
	<u>\$ 74,732,497</u>	<u>\$ 77,765,319</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The consolidated financial statements of the Corporation of the Town of Orangeville are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

(b) **REVENUE RECOGNITION**

Taxation revenues are recognized as described in paragraph (n). Grants are recognized as described in paragraph (m). Fees and user charges are recognized when the related service is provided.

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 received or receivable and collection is reasonably assured.

(c) **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. Significant estimates made by management include the useful lives of tangible capital assets, the valuation of accounts receivable, accrued liabilities, post employment benefits and landfill post-closure liability.

(d) **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

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) BASIS OF CONSOLIDATION (continued)

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 - 94.5%

(e) FINANCIAL INSTRUMENTS

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. 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 consolidated statement of operations.

(f) CASH AND CASH EQUIVALENTS

The Town considers all short term, highly liquid investments with an original maturity of six months or less to be cash equivalents.

(g) INVENTORY

Inventory held for consumption are measured at the lower of cost and replacement cost.

(h) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets. The useful life of the assets is based on estimates made by Council. The following rates and methods are used:

Land improvements	15	years straight line basis
Buildings	15-40	years straight line basis
Roads	15-40	years straight line basis
Water and sewer systems	40	years straight line basis
Equipment	5-20	years straight line basis
Vehicles	5-9	years straight line basis

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

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) TANGIBLE CAPITAL ASSETS (continued)

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.

(i) INTANGIBLE ASSETS

Intangible assets, 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.

(j) 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.

(k) 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 in the year in which it is used for the specified purpose.

(l) COUNTY AND SCHOOL BOARDS

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.

(m) GOVERNMENT TRANSFERS

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, in which case, it is initially recognized as deferred revenue. This revenue is recognized in the consolidated statement of operations as the transfer stipulations are settled.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) TAXATION AND RELATED REVENUES

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.

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.

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.

(o) TRUST FUNDS

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 financial position and statement of continuity.

(p) POST EMPLOYMENT BENEFITS

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.

Defined contribution plan accounting is applied to the municipality's multi-employer defined benefit pension plan.

2. TEMPORARY INVESTMENTS

	2021	2020
Unrestricted One Investment Program money market fund	\$ 4,273,039	\$ 4,271,405
Restricted term deposits	<u>11,224,706</u>	<u>10,109,838</u>
	<u>\$ 15,497,745</u>	<u>\$ 14,381,243</u>

Investments have a market value of \$15,502,525 (2020 - \$14,382,815) at the end of the year.

The municipality has externally restricted funds that are segregated and will be used only for specific purposes. Restricted term deposits earn interest at 0.54 - 0.87% (2020 - 0.72 - 0.75%) and mature between October 19, 2022 and September 8, 2023 (2020 - September 7, 2021 to November 9, 2021).

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Town of Orangeville owns a 94.50% interest in Orangeville Hydro Limited:

	2021	2020
Investment in common shares	\$ 7,815,535	\$ 7,815,535
Net equity	<u>3,885,215</u>	<u>3,480,688</u>
	<u>\$ 11,700,750</u>	<u>\$ 11,296,223</u>

Condensed financial results for the government business enterprises are disclosed in Note 15.

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

	2021	2020
Expenses		
Streetlighting maintenance, water and sewer billing charge from Orangeville Hydro Limited	\$ <u>481,855</u>	\$ <u>492,661</u>

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

4. TANGIBLE CAPITAL ASSETS

The net book value of tangible capital assets not being amortized because they are under construction is \$43,998,996 (2020 - \$35,917,898). The assets under construction include land improvements, buildings, roads, water and sewer systems 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.

5. PROMISSORY NOTE

	2021	2020
Ontario Infrastructure and Lands Corporation Loan	\$ <u>16,365,223</u>	\$ <u>17,092,566</u>

The Ontario Infrastructure and Lands Corporation (OILC) loan represents interim construction financing for a water pollution control plant. Interest is calculated at OILC's cost of funds plus OILC's prevailing spread with interest payable monthly, with no predetermined date of repayment. The Town of Orangeville has been approved for financing up to \$22,000,000. Repayment terms of principal and interest will be determined upon completion of the water pollution control plant project.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

6. DEFERRED REVENUE

	Opening	Contri- butions Received	Invest- ment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 14,096,540	\$ 0	\$ 93,377	\$ (2,340,799)	\$ 11,849,118
Building permits	519,536	0	1,740	(129,996)	391,280
Recreational land	1,129,958	34,413	4,710	(4,467)	1,164,614
MTO transit program	83,072	287,668	586	(293,000)	78,326
Transportation grants	901,243	816,152	5,688	(75,652)	1,647,431
Federal gas tax	2,545,586	1,797,691	14,488	(357,003)	4,000,762
Other	122,734	0	500	0	123,234
	<u>19,398,669</u>	<u>2,935,924</u>	<u>121,089</u>	<u>(3,200,917)</u>	<u>19,254,765</u>
Other					
Grants	140,863	104,389	0	(175,908)	69,344
Tax levies	1,967,221	1,823,127	0	(1,967,221)	1,823,127
Deposits	444,383	774,321	0	(554,538)	664,166
	<u>2,552,467</u>	<u>2,701,837</u>	<u>0</u>	<u>(2,697,667)</u>	<u>2,556,637</u>
	<u>\$ 21,951,136</u>	<u>\$ 5,637,761</u>	<u>\$ 121,089</u>	<u>\$ (5,898,584)</u>	<u>\$ 21,811,402</u>

7. POST EMPLOYMENT BENEFITS

The municipality provides certain benefits, including retirement benefits and other post-employment benefits, to its employees. The employee benefits liabilities as at December 31, 2021 are as follows:

	2021	2020
Post-employment benefits	\$ 2,401,824	\$ 2,269,663
Vested sick leave	3,523	3,523
Workplace Safety and Insurance Board obligations	<u>42,882</u>	<u>42,882</u>
	2,448,229	2,316,068
Unamortized actuarial losses	<u>(124,552)</u>	<u>(124,146)</u>
	<u>\$ 2,323,677</u>	<u>\$ 2,191,922</u>

The municipality 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:

	2021	2020
Current period benefit cost	\$ 163,012	\$ 153,669
Retirement benefit interest	91,598	86,475
Amortization of unamortized actuarial gains	<u>(406)</u>	<u>(13,111)</u>
Total expenses related to retirement benefits	<u>\$ 254,204</u>	<u>\$ 227,033</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

7. POST EMPLOYMENT BENEFITS (continued)

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 municipality on behalf of retirees during the year were \$101,097 (2020 - \$85,623).

Workplace Safety and Insurance Board obligations

The municipality 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 municipal 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 at December 31, 2021 was \$8,454 (2020 - \$268,454).

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 2019. The assumptions used reflect the municipality's best estimates.

Discount rate	4.00% per year (2020 - 4.00%)
Dental premium rates	Escalate at 3.75% per year (2020 - 3.75%)
Health care premium rates	6.08%, reducing by 0.333% per year to 3.75% per year in 2028 vs 2027 (2020 - 6.42%)
Future salaries	Escalate at 2.75% per year (2020 - 2.75%)
Future inflation rate	1.75% per year (2020 - 1.75%)

8. SUBSEQUENT EVENT

On April 9, 2021, the Town entered into a binding agreement with the Corporation of the City of Brampton to sell ORDC land for \$24,250,000. The closing date on the sale was February 26, 2022 and the funds, less applicable selling costs, were transferred February 25, 2022. This amount is not recorded in the 2021 financial statements.

9. LONG TERM DEBT

	2021	2020
Bank loan payable for Westdale improvement area, interest at 3.39% per annum, repayable in monthly instalments of \$23,364 blended principal and interest, due November 2026	\$ 1,267,752	\$ 1,500,837
Bank loan payable for 29 First Street, interest at prime minus 0.75% per annum, repayable in monthly instalments of \$733 plus interest, due May 2035	117,971	126,764
Loan payable for streetlights, interest at 7.50% per annum, repayable in variable monthly instalments of blended principal and interest, due June 2026	561,721	654,003

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9. LONG TERM DEBT (continued)	2021	2020
Bank loan payable for various transportation capital projects, interest at 3.53% per annum, repayable in monthly instalments of \$28,178 blended principal and interest adjusted every six months, due December 2026	1,547,872	1,826,180
Bank loan payable for police station and Westdale improvement area, interest at 3.26% per annum, repayable in monthly instalments of \$19,995 blended principal and interest, due March 2026	950,721	1,156,026
Bank loan payable for Alder Street recreation centre, interest at 3.34% per annum, repayable in monthly instalments of \$36,084 blended principal and interest, due December 2025	1,618,743	1,990,906
Bank loan payable for 120 Diane Drive, interest at 3.61% per annum, repayable in monthly instalments of \$7,884 blended principal and interest, due December 2028	584,491	656,649
Bank loan payable for Humber College land, interest at 1.98% per annum, repayable in monthly instalments of \$16,581 blended principal and interest, due March 2026	810,432	989,734
Bank loan for Tourism Information Centre, interest at 3.35% per annum, repayable in monthly instalments of \$3,975 blended principal and interest, due December 2023	92,147	135,967
Bank loan payable for BIA parking lot, interest at 2.92% per annum, repayable in monthly instalments of \$4,424 blended principal and interest, due April 2029	350,165	392,359
Bank loan payable for BIA, 82 Broadway, interest at 2.68% per annum, repayable in monthly instalments of \$3,547 blended principal and interest, due December 2024	522,878	551,016
Revolving bank loan payable for Ontario Police Services severance, interest at prime minus 0.75% per annum, no set terms of repayment, due 10 years from initial advance	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$ 13,424,893</u>	<u>\$ 14,980,441</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9. LONG TERM DEBT (continued)

Future minimum payments on long term obligations are as follows:

2022	\$ 1,615,144
2023	1,675,572
2024	2,123,977
2025	1,723,576
2026	911,296
Thereafter	<u>5,375,328</u>
	<u>\$ 13,424,893</u>

Interest expense in the amount of \$416,638 (2020 - \$386,544) has been recognized on the consolidated statement of operations.

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.

10. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of 192 (2020 - 192) 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 2021 by the municipality was \$1,400,555 (2020 - \$1,894,055). The contribution rate for 2021 was 9.0% to 15.8% (2020 - 9.0% to 15.8%) depending on age and income level.

OMERS is a multi-employer 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, 2021. At that time, the plan reported a \$3.13 billion actuarial deficit (2020 - \$3.21 billion deficit), based on actuarial liabilities of \$119.34 billion (2020 - \$111.82 billion) and actuarial assets of \$120.92 billion (2020 - \$105.58 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.

11. LANDFILL POST-CLOSURE LIABILITY

The estimated post-closure liability for a landfill site that closed in 1970 as at December 31, 2021 is \$482,751 (2020 - \$428,837). The liability is based on 5-year average monitoring, maintenance and consulting costs of \$11,829 (2020 - \$11,764) on an annual basis inflated at a 5-year average rate of 2.0% (2020 - 1.9%) per year and discounted at a rate of 3.24% (2020 - 3.66%). Current engineering studies suggest that monitoring would be required for another 57 years.

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

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

12. 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:

	2021	2020
School boards	\$ 10,894,644	\$ 10,825,675
The Corporation of the County of Dufferin	<u>16,738,632</u>	<u>16,136,795</u>
	<u>\$ 27,633,276</u>	<u>\$ 26,962,470</u>

13. OTHER INCOME

	2021 Budget	2021 Actual	2020 Actual
Penalties and interest on taxation	\$ 320,000	\$ 319,771	\$ 90,493
Licenses and permits	646,888	537,432	571,784
Other fines and penalties	194,320	112,962	66,906
Investment income	200,000	387,962	680,347
Rents, concessions and franchises	212,986	321,634	279,968
Donations	4,000	32,692	57,168
Gain (loss) on disposal of tangible capital assets	0	415,299	32,387
Development charges, recreational land	727,591	2,345,267	1,162,579
Other	<u>2,587,951</u>	<u>1,788,194</u>	<u>1,994,942</u>
	<u>\$ 4,893,736</u>	<u>\$ 6,261,213</u>	<u>\$ 4,936,574</u>

14. GRANTS

	2021 Budget	2021 Actual	2020 Actual
Province of Ontario			
General government	\$ 135,000	\$ 597,107	\$ 673,400
Transportation	293,000	558,821	1,084,679
Protection	0	299,156	1,329,676
Recreation	30,700	35,281	30,708
Planning and development	156,280	207,037	216,738
Environmental	<u>31,250</u>	<u>32,656</u>	<u>63,062</u>
	<u>646,230</u>	<u>1,730,058</u>	<u>3,398,263</u>
Government of Canada			
Transportation	0	357,003	501,294
Recreation	<u>24,000</u>	<u>28,003</u>	<u>19,199</u>
	<u>24,000</u>	<u>385,006</u>	<u>520,493</u>
Other			
Transportation	0	34,925	0
Protection	0	125,000	125,000
Recreation	0	17,850	54,824
Planning and development	<u>0</u>	<u>72,785</u>	<u>15,015</u>
	<u>0</u>	<u>250,560</u>	<u>194,839</u>
	<u>\$ 670,230</u>	<u>\$ 2,365,624</u>	<u>\$ 4,113,595</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

15. TRUST FUNDS

The trust funds administered by the municipality, amounting to \$3,179,723 (2020 - \$3,435,504), 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, 2021, the trust fund balances are as follows:

	2021	2020
Cemetery Perpetual Care Fund	\$ 574,192	\$ 540,787
Ferns Memorial Fund	3,575	33,881
Development Fund	2,563,781	2,826,664
Pre-Need Fund	<u>38,175</u>	<u>34,172</u>
	<u>\$ 3,179,723</u>	<u>\$ 3,435,504</u>

16. 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.

	2021	2020
Statement of Financial Position		
Assets	<u>\$ 35,048,951</u>	<u>\$ 34,302,686</u>
Liabilities	\$ 22,717,507	\$ 22,336,948
Shareholder's Equity	<u>12,331,444</u>	<u>11,965,738</u>
	<u>\$ 35,048,951</u>	<u>\$ 34,302,686</u>
Statement of Operations		
Revenues	\$ 36,500,402	\$ 39,106,543
Expenses	<u>35,710,431</u>	<u>38,965,271</u>
Net income for the year	<u>\$ 789,971</u>	<u>\$ 141,272</u>
Dividends paid during the year	<u>\$ 543,258</u>	<u>\$ 450,771</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

17. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit Risk

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

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 2 years	3 - 5 years
Accounts receivable	\$ 3,891,325	\$ 0	\$ 460,172	\$ 11,708	\$ 105,961
Taxes receivable	<u>0</u>	<u>0</u>	<u>1,619,111</u>	<u>648,495</u>	<u>96,581</u>
Total	<u>\$ 3,891,325</u>	<u>\$ 0</u>	<u>\$ 2,079,283</u>	<u>\$ 660,203</u>	<u>\$ 202,542</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 undertakes a planning and budgeting process 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 sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 5 years	6 years and later
Promissory note	\$16,365,223	\$ 0	\$ 0	\$ 0	0
Accounts payable and accrued liabilities	5,415,622	0	0	0	0
Long term debt	<u>131,759</u>	<u>266,872</u>	<u>1,216,513</u>	<u>6,434,421</u>	<u>5,375,328</u>
Total	<u>\$ 21,912,604</u>	<u>\$ 266,872</u>	<u>\$ 1,216,513</u>	<u>\$ 6,434,421</u>	<u>\$ 5,375,328</u>

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.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

18. BUDGETS

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations and changes in net financial assets for comparative purposes. The 2021 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 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.

	2021 Budget	2021 Actual	2020 Actual
Annual surplus	\$ 4,747,998	\$ 10,301,886	\$ 6,982,745
Amortization of tangible capital assets	7,675,579	7,675,579	7,729,911
Change in unfunded liabilities	0	185,669	(3,492,565)
Change in Equity in Orangeville Hydro Limited	0	(404,526)	(600,780)
Change in tangible capital assets to be financed in the future	<u>0</u>	<u>3,600,000</u>	<u>0</u>
	12,423,577	21,358,608	10,619,311
Net transfers to reserves and discretionary reserve funds	22,036,779	(7,961,354)	(9,531,938)
Acquisition of tangible capital assets	(47,695,512)	(13,121,155)	(10,242,413)
Proceeds on disposal of tangible capital assets	0	474,031	89,474
Gain of disposal of tangible capital assets	0	(415,299)	(32,387)
Prior year capital projects expended	0	0	2,790,297
Proceeds from long term debt	12,613,913	0	5,000,000
Debt principal repayments	<u>(2,686,588)</u>	<u>(2,282,891)</u>	<u>(2,234,779)</u>
	(3,307,831)	(1,948,060)	(3,542,435)
Prior year general surplus	<u>3,307,831</u>	<u>3,307,831</u>	<u>6,850,266</u>
General surplus (schedule 3)	<u>\$ 0</u>	<u>\$ 1,359,771</u>	<u>\$ 3,307,831</u>

19. CONTRACTUAL COMMITMENTS

The Town of Orangeville has entered into several contracts as of year end, including transit bus services, haulage and disposal of biosolids, treatment chemicals for drinking water and wastewater system, tree maintenance, building maintenance and fire safety inspection services. The expected future payments until the conclusion of the contracts are as follows:

2022	\$ 2,401,322
2023	1,702,828
2024	1,744,247
2025	772,550
2026	<u>386,275</u>
	<u>\$ 7,007,222</u>

20. 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
FOR THE YEAR ENDED DECEMBER 31, 2021

21. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the Town's assets and its future ability to deliver all programming.

22. SEGMENTED 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:

Recreation and Cultural 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 Services

Environmental services consists of costs associated with managing solid waste. This service also provides the municipality's drinking water. The department processes and cleans sewage and ensures the municipality's water system meets all Provincial standards.

Health Services

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.

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 Services

Transportation is responsible for providing the municipality with road maintenance, winter control services, street light maintenance, parking lots, and equipment maintenance. Transportation is also responsible for providing bus services to residents throughout the Town of Orangeville.

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

22. SEGMENTED DISCLOSURE (continued)

General Government

General government revenues and expenses 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 segment are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis. Taxation has not been allocated to individual segments.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2021

(Schedule 1)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	Total 2021
REVENUE								
Taxation	\$12,140,603	\$12,604,922	\$ 5,484,218	\$ 0	\$ 11,142	\$ 6,466,105	\$ 1,367,620	\$38,074,610
Fees and user charges	686,500	35,159	135,491	13,305,620	75,286	538,599	174,538	14,951,193
Grants	597,107	424,156	950,749	32,656	0	81,134	279,822	2,365,624
Equity in income of Orangeville Hydro Limited	917,906	0	0	0	0	0	0	917,906
Other income	3,100,356	1,761,147	158,052	905,491	17,000	274,118	45,049	6,261,213
	<u>17,442,472</u>	<u>14,825,384</u>	<u>6,728,510</u>	<u>14,243,767</u>	<u>103,428</u>	<u>7,359,956</u>	<u>1,867,029</u>	<u>62,570,546</u>
EXPENSES								
Salaries and benefits	6,544,195	6,070,934	2,290,261	2,293,463	67,442	3,545,271	1,073,622	21,885,188
Interest on debt	129,766	34,639	166,067	0	0	60,841	25,325	416,638
Materials and supplies	2,094,449	669,932	1,621,061	3,077,325	11,233	448,827	287,499	8,210,326
Contracted services	935,391	7,891,685	2,172,155	1,950,952	32,812	133,551	193,642	13,310,188
Other transfers	0	146,400	268	146,399	0	146,267	59,110	498,444
Rents and financial Amortization	41,662	12	176,759	2,331	0	39,338	12,195	272,297
	<u>374,483</u>	<u>347,213</u>	<u>2,805,200</u>	<u>2,447,325</u>	<u>0</u>	<u>1,692,314</u>	<u>9,044</u>	<u>7,675,579</u>
	<u>10,119,946</u>	<u>15,160,815</u>	<u>9,231,771</u>	<u>9,917,795</u>	<u>111,487</u>	<u>6,066,409</u>	<u>1,660,437</u>	<u>52,268,660</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 7,322,526</u>	<u>\$ (335,431)</u>	<u>\$ (2,503,261)</u>	<u>\$ 4,325,972</u>	<u>\$ (8,059)</u>	<u>\$ 1,293,547</u>	<u>\$ 206,592</u>	<u>\$10,301,886</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2021

(Schedule 1) (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	Total 2020
REVENUE								
Taxation	\$14,911,263	\$12,832,960	\$ 5,248,614	\$ 0	\$ 12,313	\$ 3,912,687	\$ 1,217,048	\$38,134,885
Fees and user charges	762,985	90,353	299,398	13,147,057	91,101	523,035	210,197	15,124,126
Grants	673,400	1,454,676	1,585,973	63,062	0	104,731	231,753	4,113,595
Equity in income of Orangeville Hydro Limited	1,026,759	0	0	0	0	0	0	1,026,759
Other income	<u>1,450,809</u>	<u>1,855,830</u>	<u>202,506</u>	<u>1,088,278</u>	<u>0</u>	<u>288,267</u>	<u>50,884</u>	<u>4,936,574</u>
	<u>18,825,216</u>	<u>16,233,819</u>	<u>7,336,491</u>	<u>14,298,397</u>	<u>103,414</u>	<u>4,828,720</u>	<u>1,709,882</u>	<u>63,335,939</u>
EXPENSES								
Salaries and benefits	5,448,591	16,331,674	2,048,736	2,183,469	83,171	3,432,840	947,566	30,476,047
Interest on debt	67,671	41,462	177,336	0	0	72,829	27,246	386,544
Materials and supplies	1,713,146	1,281,436	1,633,305	2,843,938	15,923	580,618	212,645	8,281,011
Contracted services	1,002,011	3,007,092	1,914,849	2,339,877	4,636	175,940	233,219	8,677,624
Other transfers	4,658	159,711	606	144,446	0	200,855	49,524	559,800
Rents and financial	46,957	(11)	145,706	9,176	0	28,223	12,206	242,257
Amortization	<u>347,963</u>	<u>453,902</u>	<u>2,846,605</u>	<u>2,436,229</u>	<u>0</u>	<u>1,636,168</u>	<u>9,044</u>	<u>7,729,911</u>
	<u>8,630,997</u>	<u>21,275,266</u>	<u>8,767,143</u>	<u>9,957,135</u>	<u>103,730</u>	<u>6,127,473</u>	<u>1,491,450</u>	<u>56,353,194</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$10,194,219</u>	<u>\$ (5,041,447)</u>	<u>\$ (1,430,652)</u>	<u>\$ 4,341,262</u>	<u>\$ (316)</u>	<u>\$ (1,298,753)</u>	<u>\$ 218,432</u>	<u>\$ 6,982,745</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE

SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Land	Land Improvements	Buildings	Roads	Water and Sewer Systems	Equipment	Vehicles	2021	2020
COST									
Balance, beginning of year	\$ 13,800,587	\$ 19,566,062	\$ 73,147,346	\$ 96,785,120	\$ 124,011,086	\$ 23,593,292	\$ 8,713,684	\$ 359,617,177	\$ 349,848,971
Additions during the year	0	464,198	5,750,574	4,193,680	1,225,114	554,511	933,078	13,121,155	10,242,413
Disposals during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(435,691)</u>	<u>(435,691)</u>	<u>(474,207)</u>
Balance, end of year	<u>13,800,587</u>	<u>20,030,260</u>	<u>78,897,920</u>	<u>100,978,800</u>	<u>125,236,200</u>	<u>24,147,803</u>	<u>9,211,071</u>	<u>372,302,641</u>	<u>359,617,177</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	0	12,085,125	17,697,280	56,520,015	49,423,346	12,411,888	4,674,988	152,812,642	145,499,851
Amortization	0	614,410	1,295,649	2,151,169	2,011,275	1,073,876	529,200	7,675,579	7,729,911
Accumulated amortization on disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(376,959)</u>	<u>(376,959)</u>	<u>(417,120)</u>
Balance, end of year	<u>0</u>	<u>12,699,535</u>	<u>18,992,929</u>	<u>58,671,184</u>	<u>51,434,621</u>	<u>13,485,764</u>	<u>4,827,229</u>	<u>160,111,262</u>	<u>152,812,642</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 13,800,587</u>	<u>\$ 7,330,725</u>	<u>\$ 59,904,991</u>	<u>\$ 42,307,616</u>	<u>\$ 73,801,579</u>	<u>\$ 10,662,039</u>	<u>\$ 4,383,842</u>	<u>\$ 212,191,379</u>	<u>\$ 206,804,535</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2021

(Schedule 3)

	2021	2020
SURPLUSES		
Invested in tangible capital assets	\$212,191,379	\$206,804,535
Unfunded long-term liabilities	(13,424,893)	(14,980,441)
Promissory note	(16,365,223)	(17,092,566)
Tangible capital assets to be financed in future	(5,937,829)	(2,337,829)
Unfunded post-employment benefits	(2,323,677)	(2,191,922)
Unfunded solid waste and post-closure costs	(482,751)	(428,837)
General surplus	1,359,771	3,307,831
Equity in Orangeville Hydro Limited	<u>11,700,750</u>	<u>11,296,224</u>
	<u>186,717,527</u>	<u>184,376,995</u>
RESERVES AND RESERVE FUNDS		
Reserves	18,074,838	13,717,285
Discretionary reserve funds		
Insurance, sick leave and WSIB	44,340	44,161
Water and sewer	23,582,335	20,728,735
General capital	15,071,019	14,247,397
Other	<u>2,371,730</u>	<u>2,445,330</u>
	<u>41,069,424</u>	<u>37,465,623</u>
	<u>59,144,262</u>	<u>51,182,908</u>
ACCUMULATED SURPLUS	<u><u>\$245,861,789</u></u>	<u><u>\$235,559,903</u></u>

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
TRUST FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial information of the trust funds of The Corporation of the Town of Orangeville, which comprise the statement of financial position as at December 31, 2021 and the statement of continuity of the trust funds for the year then ended, and notes to the financial information, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Orangeville as at December 31, 2021 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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 are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the trust funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

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

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

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

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



Guelph, Ontario
May 30, 2022

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2021 Total	2020 Total
Assets						
Cash	\$ 40,383	\$ 428,031	\$ 0	\$ 355,334	\$ 823,748	\$ 1,055,599
Accrued interest	0	4,140	0	7,488	11,628	10,408
Accounts receivable	0	0	900	0	900	900
Investments, at cost	0	179,054	14,514	2,198,815	2,392,383	2,388,554
Due (to) from other funds	<u>(3,088)</u>	<u>(15,467)</u>	<u>18,411</u>	<u>144</u>	<u>0</u>	<u>0</u>
	<u>\$ 37,295</u>	<u>\$ 595,758</u>	<u>\$ 33,825</u>	<u>\$ 2,561,781</u>	<u>\$ 3,228,659</u>	<u>\$ 3,455,461</u>
Liabilities						
Due (to) from Town of Orangeville	\$ (4,000)	\$ 21,566	\$ 30,250	\$ (2,000)	\$ 45,816	\$ 16,837
Accounts payable	<u>3,120</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,120</u>	<u>3,120</u>
	<u>(880)</u>	<u>21,566</u>	<u>30,250</u>	<u>(2,000)</u>	<u>48,936</u>	<u>19,957</u>
Fund balance	<u>38,175</u>	<u>574,192</u>	<u>3,575</u>	<u>2,563,781</u>	<u>3,179,723</u>	<u>3,435,504</u>
	<u>\$ 37,295</u>	<u>\$ 595,758</u>	<u>\$ 33,825</u>	<u>\$ 2,561,781</u>	<u>\$ 3,228,659</u>	<u>\$ 3,455,461</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF CONTINUITY

AS AT DECEMBER 31, 2021

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2021 Total	2020 Total
Fund balance, beginning of year	\$ <u>34,172</u>	\$ <u>540,787</u>	\$ <u>33,881</u>	\$ <u>2,826,664</u>	\$ <u>3,435,504</u>	\$ <u>3,197,442</u>
Receipts						
Perpetual care	4,561	25,765	0	0	30,326	34,225
Investment income	237	7,640	43	24,414	32,334	55,815
Fees and deposits	0	0	0	306,000	306,000	317,048
Loss on disposition of investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>(681)</u>	<u>(681)</u>	<u>(8,221)</u>
	<u>4,798</u>	<u>33,405</u>	<u>43</u>	<u>329,733</u>	<u>367,979</u>	<u>398,867</u>
Expenses						
Transfer to Town of Orangeville	795	0	0	0	795	5,765
Payments and deposits returned	<u>0</u>	<u>0</u>	<u>30,349</u>	<u>592,616</u>	<u>622,965</u>	<u>155,040</u>
	<u>795</u>	<u>0</u>	<u>30,349</u>	<u>592,616</u>	<u>623,760</u>	<u>160,805</u>
Net surplus (deficit)	<u>4,003</u>	<u>33,405</u>	<u>(30,306)</u>	<u>(262,883)</u>	<u>(255,781)</u>	<u>238,062</u>
Fund balance, end of year	\$ <u><u>38,175</u></u>	\$ <u><u>574,192</u></u>	\$ <u><u>3,575</u></u>	\$ <u><u>2,563,781</u></u>	\$ <u><u>3,179,723</u></u>	\$ <u><u>3,435,504</u></u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The financial statements of the The Corporation of the Town of Orangeville trust funds are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. 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.

(b) **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.

(c) **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, accounts receivable, investments, accounts payable 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 THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

2. INVESTMENTS

Investments totaling \$445,445 (2020 - \$501,126) consist of corporate and government bonds with interest rates ranging from 1.939% to 4.25% (2020 - 1.939% to 4.25%). The market value of these investments was \$451,927 (2020 - \$517,107).

Investments totaling \$172,706 (2020 - \$181,458) consist of cash and Guaranteed Investment Certificates with interest rates of 2.81% - 2.91% (2020 - 2.81% to 2.91%). The market value of these investments was \$175,995 (2020 - \$183,543).

Investments totaling \$1,146,412 (2020 - \$1,137,808) consist of term deposits with interest rates of 0.87% (2020 - 0.75%). The market value of these investments was \$1,149,527 (2020 - \$1,143,653).

Investments totaling \$627,820 (2020 - \$568,162) consist of a money market fund. The market value of this investment is \$627,820 (2020 - \$568,162).

3. 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 accounts 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 and accounts payable. 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.