THE CORPORATION OF THE TOWN OF ORANGEVILLE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

THE CORPORATION OF THE TOWN OF ORANGEVILLE

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YEAR ENDED DECEMBER 31, 2022

Chartered Professional Accountants

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, 2022 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, 2022 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.

GUELPH OFFICE 103-197 HANLON CREEK BLVD, GUELPH, ON • TEL: 519-822-9933 • FAX: 519-822-9212 • RLB.CA

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 15, 2023

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	**2021** (note 8)
FINANCIAL ASSETS		
Cash	$ 55,853,116	$ 49,853,380
Restricted cash	3,318,620	9,381,372
Temporary investments (note 2)	44,182,530	15,497,745
Taxes receivable	2,798,288	2,364,187
Accounts receivable	7,296,606	4,469,166
Investments in government business enterprises (note 3)	11,948,260	11,700,750
	125,397,420	93,266,600
LIABILITIES		
Accounts payable and accrued liabilities	7,932,213	5,415,622
Deferred revenue (note 5)	21,463,897	21,811,402
Long term debt (note 7)	31,674,279	29,790,116
Post employment benefits (note 6)	1,627,619	2,323,677
Landfill post-closure liability (note 10)	501,261	482,751
	63,199,269	59,823,568
NET FINANCIAL ASSETS	62,198,151	33,443,032
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2) (note 4)	224,102,051	212,191,379
Inventory	10,982	9,536
Prepaid expenses	404,984	217,842
	224,518,017	212,418,757
ACCUMULATED SURPLUS (schedule 3)	$286,716,168	$245,861,789

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (note 17)	2022 Actual	2021 Actual
REVENUES (schedule 1)			
Taxation	$ 39,433,521	$ 39,382,651	$ 38,074,610
Fees and user charges	16,971,554	17,312,469	14,951,193
Grants (note 13)	5,980,874	3,891,337	2,365,624
Other income (note 12)	11,498,943	36,248,864	6,261,213
Equity income from Orangeville Hydro Limited	415,011	706,462	917,906
	74,299,903	97,541,783	62,570,546
EXPENDITURES (schedule 1)			
General government	12,084,512	9,777,265	10,119,946
Protection services	15,375,701	15,132,579	15,160,815
Transportation services	9,851,733	10,119,901	9,231,771
Environmental services	12,249,755	11,560,614	9,917,795
Health services	129,201	144,710	111,487
Recreation services	8,041,111	8,194,192	6,066,409
Planning and development	1,781,687	1,758,143	1,660,437
	59,513,700	56,687,404	52,268,660
ANNUAL SURPLUS	14,786,203	40,854,379	10,301,886
ACCUMULATED SURPLUS, beginning of year	245,861,789	245,861,789	235,559,903
ACCUMULATED SURPLUS, end of year	$260,647,992	$286,716,168	$245,861,789

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (note 17)	**2022 Actual**	**2021 Actual**
Annual surplus	$ 14,786,203	$ 40,854,379	$ 10,301,886
Acquisition of tangible capital assets	(64,221,521)	(22,969,332)	(13,121,155)
Amortization of tangible capital assets	8,162,132	8,162,132	7,675,579
Gain on disposal of tangible capital assets	(38,000)	(27,782,886)	(415,299)
Proceeds on disposal of tangible capital assets	0	30,679,414	474,031
	(56,097,389)	(11,910,672)	(5,386,844)
Change in inventory	0	(1,446)	26,744
Change in prepaid expenses	0	(187,142)	43,816
	0	(188,588)	70,560
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	$ (41,311,186)	28,755,119	4,985,602
NET FINANCIAL ASSETS at beginning of year		33,443,032	28,457,430
NET FINANCIAL ASSETS at end of year		$ 62,198,151	$ 33,443,032

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021 (note 8)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	$ 40,854,379	$ 10,301,886
Items not requiring an outlay of cash		
Equity income from Orangeville Hydro Limited	(706,462)	(917,906)
Amortization of tangible capital assets	8,162,132	7,675,579
Gain on disposal of tangible capital assets	(27,782,886)	(415,299)
	20,527,163	16,644,260
Changes in non-cash working capital		
Accounts receivable	(2,827,440)	(492,791)
Prepaid expenses	(187,142)	43,816
Inventory	(1,446)	26,744
Taxes receivable	(434,101)	385,267
Accounts payable and accrued liabilities	2,516,591	(5,269,418)
Post employment benefits	(696,058)	131,755
Landfill post-closure liability	18,510	53,914
Deferred revenue	(347,505)	(139,734)
	18,568,572	11,383,813
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from long term debt	4,226,650	0
Debt principal repayments	(2,342,487)	(2,282,891)
	1,884,163	(2,282,891)
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(22,969,332)	(13,121,155)
Proceeds on disposal of capital assets	30,679,414	474,031
	7,710,082	(12,647,124)
CASH PROVIDED BY INVESTING ACTIVITIES		
Dividends from Orangeville Hydro Limited	458,952	513,380
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,621,769	(3,032,822)
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	74,732,497	77,765,319
NET CASH AND CASH EQUIVALENTS, END OF YEAR	$103,354,266	$ 74,732,497
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	$ 55,853,116	$ 49,853,380
Restricted cash	3,318,620	9,381,372
Temporary investments	44,182,530	15,497,745
	$103,354,266	$ 74,732,497

See notes to the consolidated financial statements

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

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 - 94.50%

(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 one year 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.

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 treasurers, 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.

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

	2022	2021
Unrestricted One Investment Program money market fund	$ 4,339,392	$ 4,273,039
Restricted term deposits	39,843,138	11,224,706
	$ 44,182,530	$ 15,497,745

Investments have a market value of $44,628,512 (2021 - $15,502,525) 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 0.87 - 4.90% (2021 - 0.54 - 0.87%) and mature between January 3, 2023 and November 9, 2023 (2021 - October 19, 2022 to September 8, 2023).

3. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

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

	2022	2021
Investment in common shares	$ 7,815,535	$ 7,815,535
Net equity	4,132,725	3,885,215
	$ 11,948,260	$ 11,700,750

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:

	2022	2021
Expenses		
Streetlighting maintenance, water and sewer billing charge from Orangeville Hydro Limited	$ 437,854	$ 481,855

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 $32,625,810 (2021 - $43,998,996). 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. DEFERRED REVENUE

	Opening	Contri- butions Received	Invest- ment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	$ 11,849,118	$ 1,694,251	$ 244,812	$ (3,288,728)	$ 10,499,453
Building permits	391,280	0	4,752	(109,152)	286,880
Recreational land	1,164,614	237,353	16,892	(62,149)	1,356,710
MTO transit program	78,326	289,430	1,531	(293,424)	75,863
Transportation grants	1,647,431	1,706,698	25,457	(1,762,663)	1,616,923
Federal gas tax	4,000,762	916,568	57,438	(234,768)	4,740,000
Other	123,234	123,312	1,604	0	248,150
	19,254,765	4,967,612	352,486	(5,750,884)	18,823,979
Other					
Grants	69,344	10,608	0	(69,636)	10,316
Tax levies	1,823,127	2,075,769	0	(1,823,127)	2,075,769
Deposits	664,166	954,689	0	(1,065,022)	553,833
	2,556,637	3,041,066	0	(2,957,785)	2,639,918
	$ 21,811,402	$ 8,008,678	$ 352,486	$ (8,708,669)	$ 21,463,897

6. 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, 2022 are as follows:

	2022	2021
Post-employment benefits	$ 1,706,029	$ 2,401,824
Vested sick leave	3,523	3,523
Workplace Safety and Insurance Board obligations	42,882	42,882
	1,752,434	2,448,229
Unamortized actuarial losses	(124,815)	(124,552)
	$ 1,627,619	$ 2,323,677

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:

	2022	2021
Current period benefit cost	$ 104,966	$ 163,012
Retirement benefit interest	53,800	91,598
Amortization of unamortized actuarial gains	1,455	(406)
Prior period cost of plan amendment incurred during the year	(745,009)	0
Total expenses related to retirement benefits	$ (584,788)	$ 254,204

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 $92,669 (2021 - $101,097).

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, 2022 was $344,357 (2021 - $8,454).

6. 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 2022. The assumptions used reflect the municipality's best estimates.

Discount rate	3.25% per year (2021 - 4.00%)
Dental premium rates	Escalate at 3.75% per year (2021 - 3.75%)
Health care premium rates	5.75%, reducing by 0.333% per year to 3.75% per year in 2028 vs 2027 (2021 - 6.08%)
Future salaries	Escalate at 2.75% per year (2021 - 2.75%)
Future inflation rate	1.75% per year (2021 - 1.75%)

7. LONG TERM DEBT

	2022	2021
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	$ 1,026,638	$ 1,267,752
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	109,178	117,971
Loan payable for streetlights, interest at 7.50% per annum, repayable in variable monthly instalments of blended principal and interest, due June 2026	458,519	561,721
Bank loan payable for Centennial, interest at 4.98% per annum, repayable in monthly instalments of $13,507 blended principal and interest, due December 2032	2,315,663	0
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	1,259,755	1,547,872
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	738,622	950,721
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	1,233,952	1,618,743

7. LONG TERM DEBT (continued)

	2022	2021
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	509,703	584,491
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	625,834	810,432
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	46,849	92,147
Bank loan payable for police station, interest at 4.98% per annum, repayable in monthly instalments of $5,314 blended principal and interest, due December 2032	910,987	0
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	306,722	350,165
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	493,977	522,878
Ontario Infrastructure and Lands Corporation (OILC) loan payable for water pollution control plant, interest at 3.56% per annum, repayable in semi-annual instalments of $363,672 principal plus interest, due February 2044	15,637,880	16,365,223
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	5,000,000	5,000,000
Bank loan payable for fire station, interest at 4.98% per annum, repayable in monthly instalments of $5,833 blended principal and interest, due December 2032	1,000,000	0
	$ 31,674,279	$ 29,790,116

7. LONG TERM DEBT (continued)

Future minimum payments on long term obligations are as follows:

2023	$ 7,490,388
2024	2,942,664
2025	2,547,498
2026	1,740,136
2027	983,205
Thereafter	15,970,388
	$ 31,674,279

Interest expense in the amount of $347,933 (2021 - $416,638) 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.

8. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

9. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of 202 (2021 - 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 2022 by the municipality was $1,532,218 (2021 - $1,400,555). The contribution rate for 2022 was 9.0% to 15.8% (2021 - 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, 2022. At that time, the plan reported a $6.68 billion actuarial deficit (2021 - $3.13 billion deficit), based on actuarial liabilities of $128.79 billion (2021 - $119.34 billion) and actuarial assets of $124.38 billion (2021 - $120.92 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.

10. LANDFILL POST-CLOSURE LIABILITY

The estimated post-closure liability for a landfill site that closed in 1970 as at December 31, 2022 is $501,261 (2021 - $482,751). The liability is based on 5-year average monitoring, maintenance and consulting costs of $11,539 (2021 - $11,829) on an annual basis inflated at a 5-year average rate of 3.0% (2021 - 2.0%) per year and discounted at a rate of 3.99% (2021 - 3.24%). Current engineering studies suggest that monitoring would be required for another 56 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.

11. 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:

	2022	2021
School boards	$ 10,983,990	$ 10,894,644
The Corporation of the County of Dufferin	17,232,976	16,738,632
	$ 28,216,966	$ 27,633,276

12. OTHER INCOME

	2022 Budget	2022 Actual	2021 Actual
Penalties and interest on taxation	$ 320,000	$ 419,722	$ 319,771
Licenses and permits	664,398	615,329	537,432
Other fines and penalties	204,820	210,379	112,962
Investment income	200,000	1,682,348	387,962
Rents, concessions and franchises	260,774	277,992	321,634
Donations	4,000	9,695	32,692
Gain on disposal of tangible capital assets	38,000	27,782,886	415,299
Development charges, recreational land	7,506,997	3,319,023	2,345,267
Other	2,299,954	1,931,490	1,788,194
	$ 11,498,943	$ 36,248,864	$ 6,261,213

13. GRANTS

	2022 Budget	2022 Actual	2021 Actual
Province of Ontario			
General government	$ 26,250	$ 150,751	$ 597,107
Transportation	2,567,771	2,034,754	558,821
Protection	67,149	331,781	299,156
Recreation	30,700	31,208	35,281
Planning and development	156,280	156,267	207,037
Environmental	1,000,000	295,122	32,656
	3,848,150	2,999,883	1,730,058
Government of Canada			
General government	0	5,053	0
Transportation	1,737,449	234,769	357,003
Recreation	189,200	94,680	28,003
	1,926,649	334,502	385,006
Other			
General government	0	129,500	0
Transportation	25,841	183,960	34,925
Protection	0	125,000	125,000
Recreation	122,734	63,374	17,850
Planning and development	57,500	55,118	72,785
	206,075	556,952	250,560
	$ 5,980,874	$ 3,891,337	$ 2,365,624

14. TRUST FUNDS

The trust funds administered by the municipality, amounting to $3,827,705 (2021 - $3,179,723), 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, 2022, the trust fund balances are as follows:

	2022	2021
Cemetery Perpetual Care Fund	$ 621,705	$ 574,192
Ferns Memorial Fund	3,629	3,575
Development Fund	3,157,122	2,563,781
Pre-Need Fund	45,249	38,175
	$ 3,827,705	$ 3,179,723

15. 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.

	2022	2021
Statement of Financial Position		
Assets	$ 39,368,461	$ 35,048,951
Liabilities	$ 26,775,102	$ 22,717,507
Shareholder's Equity	12,593,359	12,331,444
	$ 39,368,461	$ 35,048,951
Statement of Operations		
Revenues	$ 37,848,609	$ 36,586,739
Expenses	37,464,588	35,796,768
Net income for the year	$ 384,021	$ 789,971
Dividends paid during the year	$ 485,664	$ 543,258

16. 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	$ 5,542,719	$ 344,960	$ 1,408,927	$ 0	$ 0
Taxes receivable	0	0	1,879,466	839,147	79,675
Total	$ 5,542,719	$ 344,960	$ 3,288,393	$ 839,147	$ 79,675

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
Accounts payable and accrued liabilities	$ 7,932,213	$ 0	$ 0	$ 0	$ 0
Long term debt	143,222	654,123	6,693,043	8,213,503	15,970,388
Total	$ 8,075,435	$ 654,123	$ 6,693,043	$ 8,213,503	$15,970,388

Market Risk

Market risk is the risk that the fair value or future cash flows of the municipality’s financial instruments will fluctuate because of changes in market prices. Some of the municipality’s financial instruments expose it to this risk, which comprises interest rate risk.

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.

17. 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 2022 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.

	2022 Budget	2022 Actual	2021 Actual
Annual surplus	$ 14,786,203	$ 40,854,379	$ 10,301,886
Amortization of tangible capital assets	8,162,132	8,162,132	7,675,579
Change in unfunded liabilities	0	(677,548)	185,669
Change in Equity in Orangeville Hydro Limited	0	(247,510)	(404,526)
Change in tangible capital assets to be financed in the future	0	(3,980,901)	3,600,000
	22,948,335	44,110,552	21,358,608
Net transfers to reserves and discretionary reserve funds	33,315,846	(20,923,145)	(7,961,354)
Acquisition of tangible capital assets	(64,221,521)	(22,969,332)	(13,121,155)
Proceeds on disposal of tangible capital assets	0	30,679,414	474,031
Gain of disposal of tangible capital assets	(38,000)	(27,782,886)	(415,299)
Proceeds from long term debt	9,268,663	4,226,650	0
Debt principal repayments	(2,633,094)	(2,342,487)	(2,282,891)
	(1,359,771)	4,998,766	(1,948,060)
Prior year general surplus	1,359,771	1,359,771	3,307,831
General surplus (schedule 3)	$ 0	$ 6,358,537	$ 1,359,771

18. 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:

2023	$ 1,505,304
2024	944,651
2025	772,550
2026	386,275
	$ 3,608,780

19. 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.

20. 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.

21. 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.

21. 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 *(Schedule 1)*

FOR THE YEAR ENDED DECEMBER 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	Total 2022
REVENUE								
Taxation	$12,653,215	$13,107,481	$ 5,579,840	$ 0	$ 11,600	$ 6,596,704	$ 1,433,811	$39,382,651
Fees and user charges	1,499,640	35,287	770,365	13,535,521	130,683	1,028,503	312,470	17,312,469
Grants	285,304	456,781	2,453,483	295,122	0	189,262	211,385	3,891,337
Equity in income of Orangeville Hydro Limited	706,462	0	0	0	0	0	0	706,462
Other income	30,498,994	1,941,748	2,417,314	1,069,053	7,000	279,201	35,554	36,248,864
	45,643,615	15,541,297	11,221,002	14,899,696	149,283	8,093,670	1,993,220	97,541,783
EXPENSES								
Salaries and benefits	5,783,766	5,038,262	2,522,572	2,509,680	92,869	4,445,146	1,242,284	21,634,579
Interest on debt	120,630	27,846	127,932	0	0	48,213	23,312	347,933
Materials and supplies	2,436,396	676,699	1,827,274	3,251,648	23,205	1,505,821	254,026	9,975,069
Contracted services	991,722	8,886,428	2,550,303	2,853,471	26,885	101,474	177,093	15,587,376
Other transfers	0	153,919	731	148,596	0	322,373	40,173	665,792
Rents and financial	43,368	(78)	179,572	10,786	0	68,664	12,211	314,523
Amortization	401,383	349,503	2,911,517	2,786,433	1,751	1,702,501	9,044	8,162,132
	9,777,265	15,132,579	10,119,901	11,560,614	144,710	8,194,192	1,758,143	56,687,404
ANNUAL SURPLUS (DEFICIT)	$35,866,350	$ 408,718	$ 1,101,101	$ 3,339,082	$ 4,573	$ (100,522)	$ 235,077	$40,854,379

See notes to the consolidated financial statements

	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
	17,442,472	14,825,384	6,728,510	14,243,767	103,428	7,359,956	1,867,029	62,570,546
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	41,662	12	176,759	2,331	0	39,338	12,195	272,297
Amortization	374,483	347,213	2,805,200	2,447,325	0	1,692,314	9,044	7,675,579
	10,119,946	15,160,815	9,231,771	9,917,795	111,487	6,066,409	1,660,437	52,268,660
ANNUAL SURPLUS (DEFICIT)	$ 7,322,526	$ (335,431)	$ (2,503,261)	$ 4,325,972	$ (8,059)	$ 1,293,547	$ 206,592	$10,301,886

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS *(Schedule 2)*

FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Land Improvements	Buildings	Roads	Water and Sewer Systems	Equipment	Vehicles	2022	2021
COST									
Balance, beginning of year	$ 13,800,587	$ 20,030,260	$ 78,897,920	$100,978,800	$125,236,200	$ 24,147,803	$ 9,211,071	$372,302,641	$359,617,177
Additions during the year	0	2,835,352	6,921,113	7,530,759	2,619,353	2,769,848	292,907	22,969,332	13,121,155
Disposals during the year	(2,896,528)	0	0	0	0	0	(722,218)	(3,618,746)	(435,691)
Balance, end of year	10,904,059	22,865,612	85,819,033	108,509,559	127,855,553	26,917,651	8,781,760	391,653,227	372,302,641
ACCUMULATED AMORTIZATION									
Balance, beginning of year	0	12,699,535	18,992,929	58,671,184	51,434,621	13,485,764	4,827,229	160,111,262	152,812,642
Amortization	0	630,004	1,673,507	2,237,509	1,980,439	1,101,225	539,448	8,162,132	7,675,579
Accumulated amortization on disposals	0	0	0	0	0	0	(722,218)	(722,218)	(376,959)
Balance, end of year	0	13,329,539	20,666,436	60,908,693	53,415,060	14,586,989	4,644,459	167,551,176	160,111,262
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 10,904,059	$ 9,536,073	$ 65,152,597	$ 47,600,866	$ 74,440,493	$ 12,330,662	$ 4,137,301	$224,102,051	$212,191,379

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS *(Schedule 3)*

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	**2021**
SURPLUSES		
Invested in tangible capital assets	$224,102,051	$212,191,379
Unfunded long term liabilities	(31,674,279)	(29,790,116)
Tangible capital assets to be financed in future	(1,956,928)	(5,937,829)
Unfunded post-employment benefits	(1,627,619)	(2,323,677)
Unfunded solid waste and post-closure costs	(501,261)	(482,751)
General surplus	6,358,537	1,359,771
Equity in Orangeville Hydro Limited	11,948,260	11,700,750
	206,648,761	186,717,527
RESERVES AND RESERVE FUNDS		
Reserves	43,994,275	18,074,838
Discretionary reserve funds		
Insurance, sick leave and WSIB	44,917	44,340
Water and sewer	23,899,376	23,582,335
General capital	10,048,579	15,071,019
Other	2,080,260	2,371,730
	36,073,132	41,069,424
	80,067,407	59,144,262
ACCUMULATED SURPLUS	$286,716,168	$245,861,789

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Chartered Professional Accountants

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 statements of the trust funds of The Corporation of the Town of Orangeville, which comprise the statement of financial position as at December 31, 2022 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, 2022 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.

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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 15, 2023

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2022 Total	2021 Total
Assets						
Cash	$ 47,385	$ 473,040	$ 0	$ 938,090	$ 1,458,515	$ 823,748
Accrued interest	0	6,392	0	12,951	19,343	11,628
Accounts receivable	0	0	900	0	900	900
Investments, at cost	0	179,199	0	2,203,937	2,383,136	2,392,383
Due (to) from other funds	(3,088)	(15,467)	18,411	144	0	0
	$ 44,297	$ 643,164	$ 19,311	$ 3,155,122	$ 3,861,894	$ 3,228,659
Liabilities						
Due (to) from Town of Orangeville	$ (4,072)	$ 21,459	$ 15,682	$ (2,000)	$ 31,069	$ 45,816
Accounts payable	3,120	0	0	0	3,120	3,120
	(952)	21,459	15,682	(2,000)	34,189	48,936
Fund balance	45,249	621,705	3,629	3,157,122	3,827,705	3,179,723
	$ 44,297	$ 643,164	$ 19,311	$ 3,155,122	$ 3,861,894	$ 3,228,659

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF CONTINUITY

AS AT DECEMBER 31, 2022

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2022 Total	2021 Total
Fund balance, beginning of year	$ 38,175	$ 574,192	$ 3,575	$ 2,563,781	$ 3,179,723	$ 3,435,504
Receipts						
Perpetual care	9,984	33,265	0	0	43,249	30,326
Investment income	856	14,248	54	43,582	58,740	32,334
Fees and deposits	0	0	0	1,046,000	1,046,000	306,000
Gain (loss) on disposition of investments	0	0	0	2,259	2,259	(681)
	10,840	47,513	54	1,091,841	1,150,248	367,979
Expenses						
Transfer to Town of Orangeville	3,766	0	0	0	3,766	795
Payments and deposits returned	0	0	0	498,500	498,500	622,965
	3,766	0	0	498,500	502,266	623,760
Net surplus (deficit)	7,074	47,513	54	593,341	647,982	(255,781)
Fund balance, end of year	$ 45,249	$ 621,705	$ 3,629	$ 3,157,122	$ 3,827,705	$ 3,179,723

See notes to the consolidated financial statements

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. 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.

2. INVESTMENTS

Investments totaling $539,396 (2021 - $445,445) consist of corporate and government bonds with interest rates ranging from 1.782% to 4.25% (2021 - 1.939% to 4.25%). The market value of these investments was $533,239 (2021 - $451,927).

Investments totaling $410,096 (2021 - $172,706) consist of cash and Guaranteed Investment Certificates with interest rates of 2.81% - 4.37% (2021 - 2.81% to 2.91%). The market value of these investments was $414,573 (2021 - $175,995).

Investments totaling $1,146,412 (2021 - $1,146,412) consist of term deposits with interest rates of 0.87% (2021 - 0.87%). The market value of these investments was $1,149,527 (2021 - $1,149,527).

Investments totaling $287,232 (2021 - $627,820) consist of a money market fund. The market value of this investment is $287,232 (2021 - $627,820).

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.

Market Risk

Market risk is the risk that the fair value or future cash flows of the municipality's financial instruments will fluctuate because of changes in market prices. Some of the municipality's financial instruments expose it to this risk, which comprises interest rate risk.

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.