



2020 Town of Orangeville Audited Financial Statements

Presented by: Auditor (RLB) Murray Short, MBA, CPA, CA, C. Dir.

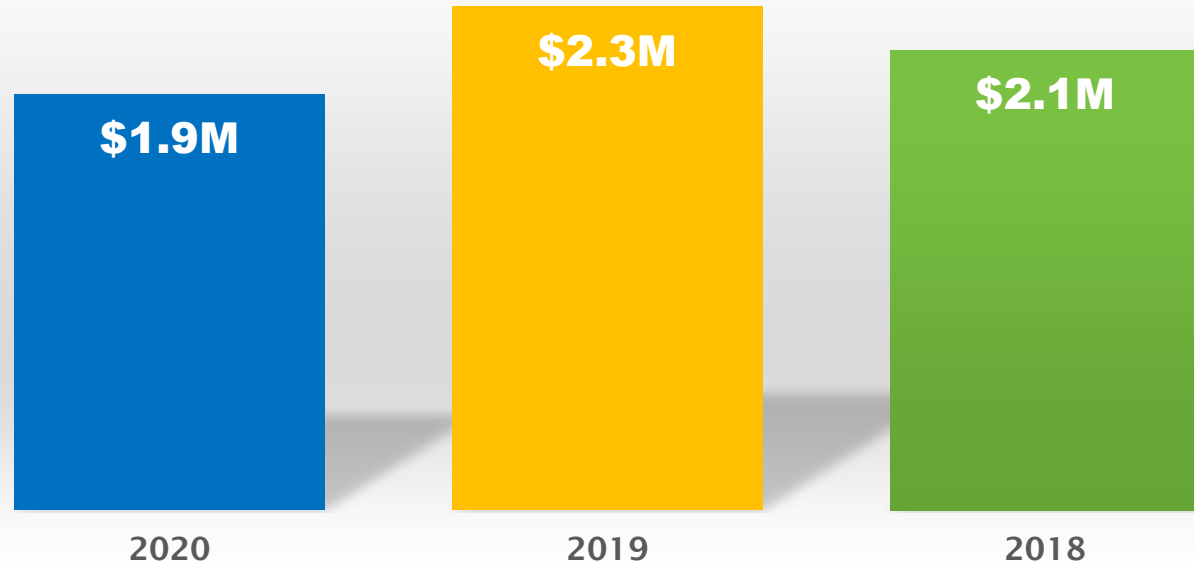
Presented by : Treasurer Nandini Syed, MPA, CMM III, CPA, CMA



Cash Basis Surplus 2020	\$3.3M
Anomaly 2020*	(\$1.4M)
Net Cash Surplus 2020	\$1.9M

*Cash at hand for OPS severance payment due February 2021

Net Cash Surplus: 3-Year Trend



**THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

THE CORPORATION OF THE TOWN OF ORANGEVILLE
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YEAR ENDED DECEMBER 31, 2020

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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, 2020 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, 2020 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 31, 2021

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 54,061,917	\$ 44,082,839
Restricted cash	9,322,159	9,021,505
Temporary investments (note 2)	14,381,243	14,172,771
Taxes receivable	2,749,454	2,509,837
Accounts receivable	3,976,375	3,688,044
Investments in government business enterprises (note 3)	<u>11,296,224</u>	<u>10,695,444</u>
	<u>95,787,372</u>	<u>84,170,440</u>
LIABILITIES		
Promissory note (note 5)	17,092,566	17,819,909
Accounts payable and accrued liabilities	10,685,040	6,758,965
Deferred revenue (note 6)	21,951,136	21,729,781
Long term debt (note 8)	14,980,441	11,487,876
Post employment benefits (note 7)	2,191,922	2,075,912
Landfill post-closure liability (note 10)	<u>428,837</u>	<u>316,727</u>
	<u>67,329,942</u>	<u>60,189,170</u>
NET FINANCIAL ASSETS	<u>28,457,430</u>	<u>23,981,270</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2) (note 4)	206,804,535	204,349,120
Inventory	36,280	23,455
Prepaid expenses	<u>261,658</u>	<u>223,313</u>
	<u>207,102,473</u>	<u>204,595,888</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$235,559,903</u>	<u>\$228,577,158</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (note 17)	2020 Actual	2019 Actual
REVENUES			
Taxation	\$ 37,270,926	\$ 38,134,885	\$ 36,856,090
Fees and user charges	17,397,585	15,124,126	16,648,877
Grants (note 13)	1,711,234	4,113,595	2,694,075
Other income (note 12)	5,145,743	4,936,574	6,093,122
Equity income from Orangeville Hydro Limited	449,861	1,026,759	851,957
	<u>61,975,349</u>	<u>63,335,939</u>	<u>63,144,121</u>
EXPENDITURES			
General government	9,690,807	8,630,997	8,267,826
Protection services	16,185,726	21,275,266	15,378,442
Transportation services	9,625,926	8,767,143	8,576,074
Environmental services	12,430,556	9,957,135	9,807,458
Health services	117,013	103,730	102,979
Recreation services	8,585,642	6,127,473	6,552,966
Planning and development	1,528,144	1,491,450	1,366,352
	<u>58,163,814</u>	<u>56,353,194</u>	<u>50,052,097</u>
ANNUAL SURPLUS	3,811,535	6,982,745	13,092,024
ACCUMULATED SURPLUS, beginning of year	<u>228,577,158</u>	<u>228,577,158</u>	<u>215,485,134</u>
ACCUMULATED SURPLUS, end of year	<u>\$232,388,693</u>	<u>\$235,559,903</u>	<u>\$228,577,158</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (note 17)	2020 Actual	2019 Actual
Annual surplus	\$ <u>3,811,535</u>	\$ <u>6,982,745</u>	\$ <u>13,092,024</u>
Acquisition of tangible capital assets	(15,153,066)	(10,242,413)	(7,128,017)
Amortization of tangible capital assets	7,729,911	7,729,911	7,615,082
(Gain) loss on disposal of tangible capital assets	0	(32,387)	412,164
Proceeds on disposal of tangible capital assets	0	89,474	73,717
Writedown of tangible capital assets	<u>0</u>	<u>0</u>	<u>(238,629)</u>
	<u>(7,423,155)</u>	<u>(2,455,415)</u>	<u>734,317</u>
Change in inventory	0	(12,825)	31,767
Change in prepaid expenses	<u>0</u>	<u>(38,345)</u>	<u>997</u>
	<u>0</u>	<u>(51,170)</u>	<u>32,764</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	\$ <u><u>(3,611,620)</u></u>	4,476,160	13,859,105
NET FINANCIAL ASSETS at beginning of year		<u>23,981,270</u>	<u>10,122,165</u>
NET FINANCIAL ASSETS at end of year		\$ <u><u>28,457,430</u></u>	\$ <u><u>23,981,270</u></u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ 6,982,745	\$ 13,092,024
Items not requiring an outlay of cash		
Writedown of tangible capital assets	0	(238,629)
Equity income from Orangeville Hydro Limited	(1,026,759)	(851,957)
Amortization of tangible capital assets	7,729,911	7,615,082
(Gain) loss on disposal of tangible capital assets	<u>(32,387)</u>	<u>412,164</u>
	13,653,510	20,028,684
Changes in non-cash working capital		
Accounts receivable	(288,331)	2,812,449
Prepaid expenses	(38,345)	997
Inventory	(12,825)	31,767
Taxes receivable	(239,617)	85,122
Accounts payable and accrued liabilities	3,926,075	(1,446,052)
Post employment benefits	116,010	124,159
Landfill post-closure liability	112,110	(166,552)
Deferred revenue	<u>221,355</u>	<u>4,139,445</u>
	<u>17,449,942</u>	<u>25,610,019</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Promissory note	(727,343)	2,819,909
Long term debt	<u>3,492,565</u>	<u>(1,462,117)</u>
	<u>2,765,222</u>	<u>1,357,792</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(10,242,413)	(7,128,017)
Proceeds on disposal of capital assets	<u>89,474</u>	<u>73,717</u>
	<u>(10,152,939)</u>	<u>(7,054,300)</u>
CASH PROVIDED BY INVESTING ACTIVITIES		
Dividends from Orangeville Hydro Limited	<u>425,979</u>	<u>535,281</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,488,204	20,448,792
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>67,277,115</u>	<u>46,828,323</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 77,765,319</u>	<u>\$ 67,277,115</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	\$ 54,061,917	\$ 44,082,839
Restricted cash	9,322,159	9,021,505
Temporary investments	<u>14,381,243</u>	<u>14,172,771</u>
	<u>\$ 77,765,319</u>	<u>\$ 67,277,115</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

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%
Orangeville Hydro Services Limited - 100%

(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. These financial instruments include cash, temporary investments, accounts and grants receivable, temporary borrowing, accounts payable and accrued liabilities, and long-term liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

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, 2020

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, 2020

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

	2020	2019
Unrestricted One Investment Program money market fund	\$ 4,271,405	\$ 4,231,864
Restricted term deposits	<u>10,109,838</u>	<u>9,940,907</u>
	<u>\$ 14,381,243</u>	<u>\$ 14,172,771</u>

Investments have a market value of \$14,382,815 (2019 - \$14,204,671) 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 0.72 - 0.75% (2019 - 2.03 - 2.22%) and mature between September 7, 2021 and November 9, 2021 (2019 - May 11, 2020 to September 5, 2020).

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Town of Orangeville owns a 94.50% interest in Orangeville Hydro Limited and has a 100% interest in Orangeville Hydro Services Inc. Details of these investments are as follows:

	2020	2019
Investment in Orangeville Hydro Limited		
Investment in common shares	\$ 7,815,535	\$ 7,815,535
Net equity	<u>3,480,688</u>	<u>2,879,908</u>
	<u>11,296,223</u>	<u>10,695,443</u>
Investment in Orangeville Hydro Services Inc.		
Investment in common shares	<u>1</u>	<u>1</u>
	<u>\$ 11,296,224</u>	<u>\$ 10,695,444</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:

	2020	2019
Expenses		
Streetlighting maintenance, water and sewer billing charge from Orangeville Hydro Limited	\$ <u>492,661</u>	\$ <u>417,621</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 \$35,917,898 (2019 - \$35,732,963). 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

	2020	2019
Ontario Infrastructure and Lands Corporation Loan	\$ <u>17,092,566</u>	\$ <u>17,819,909</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, 2020

6. DEFERRED REVENUE

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 14,895,029	\$ 213,877	\$ 167,522	\$ (1,179,888)	\$ 14,096,540
Building permits	674,149	0	5,574	(160,187)	519,536
Recreational land	1,044,244	77,306	8,408	0	1,129,958
MTO transit program	83,670	283,526	2,876	(287,000)	83,072
Transportation grants	779,798	816,152	6,542	(701,249)	901,243
Federal gas tax	2,162,943	876,717	15,844	(509,918)	2,545,586
Other	121,767	0	967	0	122,734
	<u>19,761,600</u>	<u>2,267,578</u>	<u>207,733</u>	<u>(2,838,242)</u>	<u>19,398,669</u>
Other					
Grants	209,260	5,165	0	(73,562)	140,863
Tax levies	1,524,638	1,967,221	0	(1,524,638)	1,967,221
Deposits	234,283	328,492	0	(118,392)	444,383
	<u>1,968,181</u>	<u>2,300,878</u>	<u>0</u>	<u>(1,716,592)</u>	<u>2,552,467</u>
	<u>\$ 21,729,781</u>	<u>\$ 4,568,456</u>	<u>\$ 207,733</u>	<u>\$ (4,554,834)</u>	<u>\$ 21,951,136</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, 2020 are as follows:

	2020	2019
Post-employment benefits	\$ 2,269,663	\$ 2,140,542
Vested sick leave	3,523	3,523
Workplace Safety and Insurance Board obligations	<u>42,882</u>	<u>42,882</u>
	2,316,068	2,186,947
Unamortized actuarial losses	<u>(124,146)</u>	<u>(111,035)</u>
	<u>\$ 2,191,922</u>	<u>\$ 2,075,912</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:

	2020	2019
Current period benefit cost	\$ 153,669	\$ 144,862
Retirement benefit interest	86,475	81,251
Amortization of unamortized actuarial gains	<u>(13,111)</u>	<u>(13,104)</u>
Total expenses related to retirement benefits	<u>\$ 227,033</u>	<u>\$ 213,009</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 \$85,623 (2019 - \$56,718).

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, 2020 was \$268,454 (2019 - \$289,954).

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 (2019 - 4.00%)
Dental premium rates	Escalate at 3.75% per year (2019 - 3.75%)
Health care premium rates	6.42%, reducing by 0.333% per year to 3.75% per year in 2028 vs 2027 (2019 - 6.75%)
Future salaries	Escalate at 2.75% per year (2019 - 2.75%)
Future inflation rate	1.75% per year (2019 - 1.75%)

8. LONG TERM DEBT

	2020	2019
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	\$ 1,500,837	\$ 1,726,327
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	126,764	135,557
Loan payable for streetlights, interest at 7.50% per annum, repayable in variable monthly instalments of blended principal and interest, due June 2026	654,003	736,243
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	1,826,180	2,094,315

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

8. LONG TERM DEBT (continued)	2020	2019
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	1,156,026	1,354,638
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	1,990,906	2,351,081
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	656,649	725,981
Bank loan payable for Humber College land, interest at 2.82% per annum, repayable in monthly instalments of \$16,916 blended principal and interest, due March 2026	989,734	1,162,080
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	135,967	178,307
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	392,359	433,376
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 2022	551,016	578,409
Capital lease payable for police phone system, interest at 4.10% per annum, repayable in monthly instalments of \$1,907 blended principal and interest, due June 2020	0	11,562
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	0
	<u>\$ 14,980,441</u>	<u>\$ 11,487,876</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

8. LONG TERM DEBT (continued)

Future minimum payments on long term obligations are as follows:

2021	\$ 1,553,070
2022	1,612,874
2023	1,675,572
2024	2,126,448
2025	1,729,069
Thereafter	<u>6,283,408</u>
	<u>\$ 14,980,441</u>

Interest expense in the amount of \$386,544 (2019 - \$439,627) 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.

9. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of 192 (2019 - 252) members of its staff. On October 2, 2020, the municipality disbanded the Orangeville Police Services, which had a total of 55 members.

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 2020 by the municipality was \$1,894,055 (2019 - \$1,937,195). The contribution rate for 2020 was 9.0% to 15.8% (2019 - 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, 2020. At that time, the plan reported a \$3.21 billion actuarial deficit (2019 - \$3.40 billion deficit), based on actuarial liabilities of \$111.82 billion (2019 - \$106.44 billion) and actuarial assets of \$105.58 billion (2019 - \$109.38 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, 2020 is \$428,837 (2019 - \$316,727). The liability is based on average monitoring, maintenance and consulting costs of \$11,764 (2019 - \$9,042) on an annual basis inflated at a rate of 1.9% (2019 - 2.0%) per year and discounted at a rate of 3.66% (2019 - 3.97%). Current engineering studies suggest that monitoring would be required for another 58 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, 2020

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:

	2020	2019
School boards	\$ 10,825,675	\$ 11,374,022
The Corporation of the County of Dufferin	<u>16,136,795</u>	<u>16,187,011</u>
	<u>\$ 26,962,470</u>	<u>\$ 27,561,033</u>

12. OTHER INCOME

	2020 Budget	2020 Actual	2019 Actual
Penalties and interest on taxation	\$ 320,000	\$ 90,493	\$ 434,501
Licenses and permits	642,738	571,784	484,903
Other fines and penalties	174,320	66,906	228,613
Investment income	200,000	680,347	1,040,643
Rents, concessions and franchises	255,236	279,968	417,288
Donations	4,600	57,168	40,336
Gain (loss) on disposal of tangible capital assets	0	32,387	(412,164)
Development charges, recreational land	1,795,329	1,162,579	2,194,805
Other	<u>1,753,520</u>	<u>1,994,942</u>	<u>1,664,197</u>
	<u>\$ 5,145,743</u>	<u>\$ 4,936,574</u>	<u>\$ 6,093,122</u>

13. GRANTS

	2020 Budget	2020 Actual	2019 Actual
Province of Ontario			
General government	\$ 0	\$ 673,400	\$ 587,246
Transportation	287,000	1,084,679	333,843
Protection	1,125,514	1,329,676	1,115,909
Recreation	30,700	30,708	30,708
Planning and development	160,394	216,738	183,482
Environmental	<u>62,500</u>	<u>63,062</u>	<u>19,438</u>
	<u>1,666,108</u>	<u>3,398,263</u>	<u>2,270,626</u>
Government of Canada			
General government	0	0	44,590
Transportation	0	501,294	89,048
Recreation	<u>29,600</u>	<u>19,199</u>	<u>106,270</u>
	<u>29,600</u>	<u>520,493</u>	<u>239,908</u>
Other			
General government	0	0	5,000
Protection	0	125,000	125,000
Recreation	15,526	54,824	43,641
Planning and development	<u>0</u>	<u>15,015</u>	<u>9,900</u>
	<u>15,526</u>	<u>194,839</u>	<u>183,541</u>
	<u>\$ 1,711,234</u>	<u>\$ 4,113,595</u>	<u>\$ 2,694,075</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

14. TRUST FUNDS

The trust funds administered by the municipality, amounting to \$3,435,504 (2019 - \$3,197,442), 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, 2020, the trust fund balances are as follows:

	2020	2019
Cemetery Perpetual Care Fund	\$ 540,787	\$ 503,308
Ferns Memorial Fund	33,881	33,619
Development Fund	2,826,664	2,626,427
Pre-Need Fund	<u>34,172</u>	<u>34,088</u>
	<u>\$ 3,435,504</u>	<u>\$ 3,197,442</u>

15. MUNICIPAL ENTERPRISES

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

Investment in Orangeville Hydro Limited

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

	2020	2019
Statement of Financial Position		
Assets	<u>\$ 34,302,686</u>	<u>\$ 31,653,443</u>
Liabilities	\$ 22,336,948	\$ 20,323,451
Shareholder's Equity	<u>11,965,738</u>	<u>11,329,992</u>
	<u>\$ 34,302,686</u>	<u>\$ 31,653,443</u>
Statement of Operations		
Revenues	\$ 39,106,543	\$ 35,161,301
Expenses	<u>38,965,271</u>	<u>35,082,294</u>
Net income for the year	<u>\$ 141,272</u>	<u>\$ 79,007</u>
Dividends paid during the year	<u>\$ 450,771</u>	<u>\$ 566,435</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

15. MUNICIPAL ENTERPRISES (continued)

Investment in Orangeville Hydro Services Inc.

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

Statement of Financial Position

Assets	\$ <u>1</u>	\$ <u>1</u>
Shareholder's Equity	\$ <u>1</u>	\$ <u>1</u>

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	\$ 3,745,238	\$ 56,848	\$ 45,779	\$ 0	\$ 128,510
Taxes receivable	<u>0</u>	<u>0</u>	<u>1,816,288</u>	<u>831,018</u>	<u>102,148</u>
Total	<u>\$ 3,745,238</u>	<u>\$ 56,848</u>	<u>\$ 1,862,067</u>	<u>\$ 831,018</u>	<u>\$ 230,658</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	\$17,092,566	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable and accrued liabilities	10,685,040	0	0	0	0
Long term debt	<u>126,674</u>	<u>258,027</u>	<u>1,168,369</u>	<u>7,143,963</u>	<u>6,283,408</u>
Total	<u>\$ 27,904,280</u>	<u>\$ 258,027</u>	<u>\$ 1,168,369</u>	<u>\$ 7,143,963</u>	<u>\$ 6,283,408</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

16. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Interest Rate Risk

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

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

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 2020 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.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus	\$ 3,811,535	\$ 6,982,745	\$ 13,092,024
Amortization of tangible capital assets	7,729,911	7,729,911	7,615,082
Change in unfunded liabilities	0	(3,492,565)	1,315,399
Change in Equity in Orangeville Hydro Limited	<u>0</u>	<u>(600,780)</u>	<u>(316,676)</u>
	11,541,446	10,619,311	21,705,829
Net transfers to reserves	2,120,578	(9,531,938)	(10,114,575)
Acquisition of tangible capital assets	(15,153,066)	(10,242,413)	(7,128,017)
Proceeds on disposal of tangible capital assets	0	89,474	73,717
Writedown of tangible capital assets	0	(32,387)	412,164
Prior year capital projects expended	0	2,790,297	(1,596,422)
Proceeds from long term debt	2,418,094	5,000,000	3,183,581
Debt principal repayments	<u>(2,283,052)</u>	<u>(2,234,779)</u>	<u>(1,825,788)</u>
	(1,356,000)	(3,542,435)	4,710,489
Prior year general surplus	<u>1,356,000</u>	<u>6,850,266</u>	<u>2,139,777</u>
General surplus (schedule 3)	<u>\$ 0</u>	<u>\$ 3,307,831</u>	<u>\$ 6,850,266</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

18. CONTRACTUAL COMMITMENTS

The Town of Orangeville has entered into the following contracts:

- a) A five-year contract for transit bus services at an approximate cost of \$379,000 per year, beginning January 2, 2010, with the annual costs adjusted by CPI. This contract has been extended for an additional six years and six months with the same terms and conditions.
- b) A three-year contract for the haulage and disposal of biosolids at an approximate cost of \$677,400 per year, beginning May 1, 2020, with the annual costs adjusted by CPI.
- c) A one-year contract for the supply of treatment chemicals for drinking water and wastewater system at an approximate cost of \$38,272 per year, beginning January 1, 2017. This contract was extended for four years with the same terms and conditions.

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. The global pandemic has disrupted economic activities and has resulted in the Town implementing a closure of non-essential programming and services. 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.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

21. SEGMENTED DISCLOSURE (continued)

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.

General Government

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses and equity in government business enterprises and government business partnerships that are directly attributable to a particular 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, 2020

(Schedule 1)

	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	1,450,809	1,855,830	202,506	1,088,278	0	288,267	50,884	4,936,574
	<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 Amortization	46,957	(11)	145,706	9,176	0	28,223	12,206	242,257
	<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>

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, 2020

(Schedule 1) (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	Total 2019
REVENUE								
Taxation	\$12,387,867	\$12,700,323	\$ 5,253,717	\$ 0	\$ 14,749	\$ 5,261,803	\$ 1,237,631	\$36,856,090
Fees and user charges	1,371,940	422,276	193,431	12,703,565	72,264	1,602,721	282,680	16,648,877
Grants	636,836	1,240,909	422,891	19,438	0	180,619	193,382	2,694,075
Equity in income of Orangeville Hydro Limited	851,957	0	0	0	0	0	0	851,957
Other income	<u>2,119,695</u>	<u>1,731,263</u>	<u>(147,109)</u>	<u>2,050,256</u>	<u>0</u>	<u>286,408</u>	<u>52,609</u>	<u>6,093,122</u>
	<u>17,368,295</u>	<u>16,094,771</u>	<u>5,722,930</u>	<u>14,773,259</u>	<u>87,013</u>	<u>7,331,551</u>	<u>1,766,302</u>	<u>63,144,121</u>
EXPENSES								
Salaries and benefits	5,198,325	13,096,044	2,022,978	2,337,544	64,550	4,176,433	874,093	27,769,967
Interest on debt	74,941	48,393	200,022	0	0	85,283	30,988	439,627
Materials and supplies	1,957,691	1,417,645	1,936,058	2,557,706	21,019	351,282	225,790	8,467,191
Contracted services	654,048	127,166	1,482,415	2,394,446	17,410	132,265	148,765	4,956,515
Other transfers	344	145,207	0	142,543	0	217,405	64,800	570,299
Rents and financial	63,449	18,094	121,387	0	0	20,310	10,176	233,416
Amortization	<u>319,028</u>	<u>525,893</u>	<u>2,813,214</u>	<u>2,375,219</u>	<u>0</u>	<u>1,569,988</u>	<u>11,740</u>	<u>7,615,082</u>
	<u>8,267,826</u>	<u>15,378,442</u>	<u>8,576,074</u>	<u>9,807,458</u>	<u>102,979</u>	<u>6,552,966</u>	<u>1,366,352</u>	<u>50,052,097</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 9,100,469</u>	<u>\$ 716,329</u>	<u>\$ (2,853,144)</u>	<u>\$ 4,965,801</u>	<u>\$ (15,966)</u>	<u>\$ 778,585</u>	<u>\$ 399,950</u>	<u>\$13,092,024</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

SCHEDULE OF TANGIBLE CAPITAL ASSETS

(Schedule 2)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Land	Land Improvements	Buildings	Roads	Water and Sewer Systems	Equipment	Vehicles	2020	2019
COST									
Balance, beginning of year	\$ 13,800,587	\$ 19,038,419	\$ 70,461,555	\$ 94,160,624	\$123,623,546	\$ 20,236,821	\$ 8,527,419	\$349,848,971	\$343,382,648
Additions during the year	0	527,643	2,730,383	2,624,496	387,540	3,460,913	511,438	10,242,413	7,128,017
Disposals during the year	0	0	(44,592)	0	0	(104,442)	(325,173)	(474,207)	(661,694)
Balance, end of year	<u>13,800,587</u>	<u>19,566,062</u>	<u>73,147,346</u>	<u>96,785,120</u>	<u>124,011,086</u>	<u>23,593,292</u>	<u>8,713,684</u>	<u>359,617,177</u>	<u>349,848,971</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	0	11,440,539	16,446,102	54,320,917	47,395,776	11,464,276	4,432,241	145,499,851	138,299,211
Amortization	0	644,586	1,251,178	2,199,098	2,027,570	1,039,559	567,920	7,729,911	7,615,082
Accumulated amortization on disposals	0	0	0	0	0	(91,947)	(325,173)	(417,120)	(414,442)
Balance, end of year	<u>0</u>	<u>12,085,125</u>	<u>17,697,280</u>	<u>56,520,015</u>	<u>49,423,346</u>	<u>12,411,888</u>	<u>4,674,988</u>	<u>152,812,642</u>	<u>145,499,851</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 13,800,587</u>	<u>\$ 7,480,937</u>	<u>\$ 55,450,066</u>	<u>\$ 40,265,105</u>	<u>\$ 74,587,740</u>	<u>\$ 11,181,404</u>	<u>\$ 4,038,696</u>	<u>\$206,804,535</u>	<u>\$204,349,120</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE

SCHEDULE OF ACCUMULATED SURPLUS

(Schedule 3)

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
SURPLUSES		
Invested in tangible capital assets	\$206,804,535	\$204,349,120
Unfunded long-term liabilities	(14,980,441)	(11,487,876)
Promissory note	(17,092,566)	(17,819,909)
Tangible capital assets to be financed in future	(2,337,829)	(3,268,218)
Unfunded post-employment benefits	(2,191,922)	(2,075,912)
Unfunded solid waste and post-closure costs	(428,837)	(316,727)
General surplus	3,307,831	6,850,266
Equity in Orangeville Hydro Limited	11,296,224	10,695,444
	<u>184,376,995</u>	<u>186,926,188</u>
RESERVES AND RESERVE FUNDS		
Reserves	13,717,285	11,874,933
Discretionary reserve funds		
Insurance, sick leave and WSIB	44,161	43,813
Water and sewer	20,728,735	17,524,787
General capital	14,247,397	10,184,691
Other	2,445,330	2,022,746
	<u>37,465,623</u>	<u>29,776,037</u>
	<u>51,182,908</u>	<u>41,650,970</u>
ACCUMULATED SURPLUS	<u>\$235,559,903</u>	<u>\$228,577,158</u>

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
TRUST FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020 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, 2020 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 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 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 corporation 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 31, 2021

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2020 Total	2019 Total
Assets						
Cash	\$ 36,380	\$ 393,875	\$ 0	\$ 625,344	\$ 1,055,599	\$ 832,685
Accrued interest	0	2,065	0	8,343	10,408	12,063
Accounts receivable	0	0	900	0	900	900
Investments, at cost	0	182,251	14,470	2,191,833	2,388,554	2,373,249
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>\$ 33,292</u>	<u>\$ 562,724</u>	<u>\$ 33,781</u>	<u>\$ 2,825,664</u>	<u>\$ 3,455,461</u>	<u>\$ 3,218,897</u>
Liabilities						
Due (to) from Town of Orangeville	\$ (4,000)	\$ 21,937	\$ (100)	\$ (1,000)	\$ 16,837	\$ 18,335
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>21,937</u>	<u>(100)</u>	<u>(1,000)</u>	<u>19,957</u>	<u>21,455</u>
Fund balance	<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>
	<u>\$ 33,292</u>	<u>\$ 562,724</u>	<u>\$ 33,781</u>	<u>\$ 2,825,664</u>	<u>\$ 3,455,461</u>	<u>\$ 3,218,897</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF CONTINUITY

AS AT DECEMBER 31, 2020

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2020 Total	2019 Total
Fund balance, beginning of year	\$ <u>34,088</u>	\$ <u>503,308</u>	\$ <u>33,619</u>	\$ <u>2,626,427</u>	\$ <u>3,197,442</u>	\$ <u>3,394,459</u>
Receipts						
Perpetual care	5,435	28,790	0	0	34,225	26,435
Investment income	414	8,689	262	46,450	55,815	43,024
Fees and deposits	0	0	0	317,048	317,048	435,713
Loss on disposition of investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,221)</u>	<u>(8,221)</u>	<u>(713)</u>
	<u>5,849</u>	<u>37,479</u>	<u>262</u>	<u>355,277</u>	<u>398,867</u>	<u>504,459</u>
Expenses						
Transfer to Town of Orangeville	5,765	0	0	0	5,765	2,040
Payments and deposits returned	<u>0</u>	<u>0</u>	<u>0</u>	<u>155,040</u>	<u>155,040</u>	<u>699,436</u>
	<u>5,765</u>	<u>0</u>	<u>0</u>	<u>155,040</u>	<u>160,805</u>	<u>701,476</u>
Net surplus (deficit)	<u>84</u>	<u>37,479</u>	<u>262</u>	<u>200,237</u>	<u>238,062</u>	<u>(197,017)</u>
Fund balance, end of year	\$ <u><u>34,172</u></u>	\$ <u><u>540,787</u></u>	\$ <u><u>33,881</u></u>	\$ <u><u>2,826,664</u></u>	\$ <u><u>3,435,504</u></u>	\$ <u><u>3,197,442</u></u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

2. INVESTMENTS

Investments totaling \$501,126 (2019 - \$627,347) consist of corporate and government bonds with interest rates ranging from 1.939% to 4.25% (2019 - 1.939% to 4.75%). The market value of these investments was \$517,107 (2019 - \$621,530).

Investments totaling \$181,458 (2019 - \$306,174) consist of cash and Guaranteed Investment Certificates with interest rates of 2.81% - 2.91% (2019 - 0.01% to 2.91%). The market value of these investments was \$183,543 (2019 - \$307,127).

Investments totaling \$1,137,808 (2019 - \$1,115,170) consist of term deposits with interest rates of 0.75% (2019 - 2.03%). The market value of these investments was \$1,143,653 (2019 - \$1,122,489).

Investments totaling \$568,162 (2019 - \$328,401) consist of a money market fund. The market value of this investment is \$568,162 (2019 - \$328,401).

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

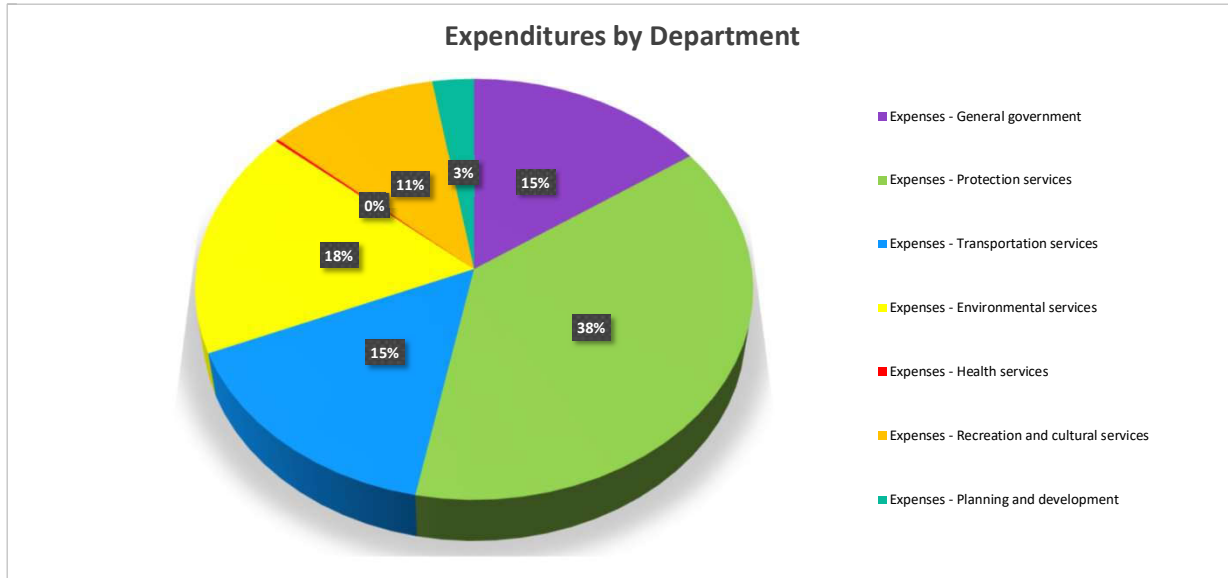
Liquidity risk is the risk that the municipality encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the municipality will not have sufficient funds to settle a transaction on 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.

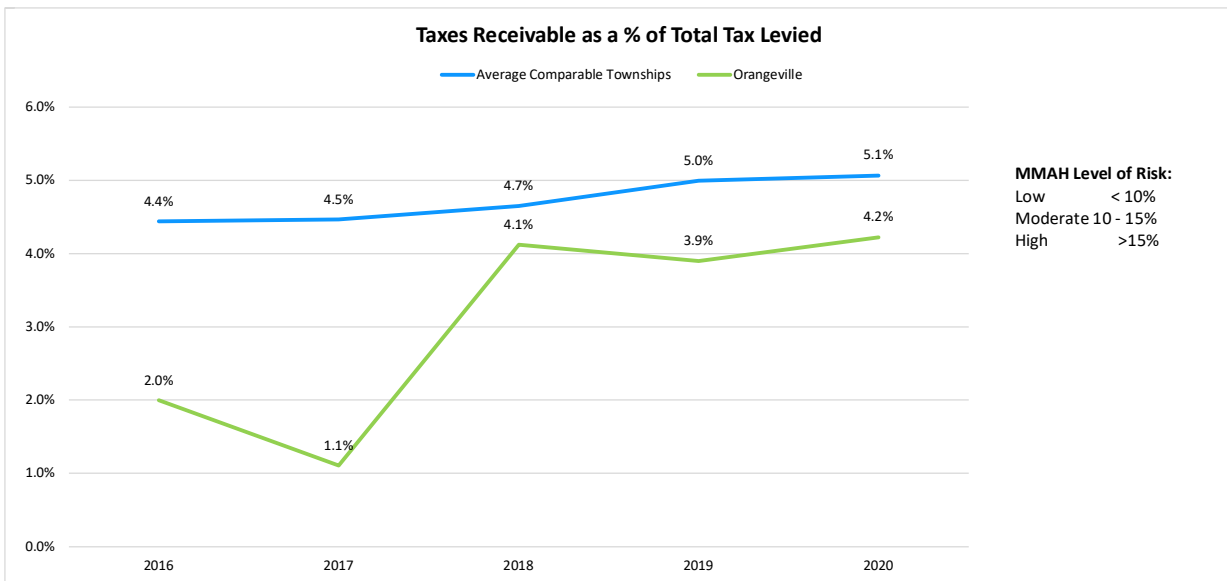
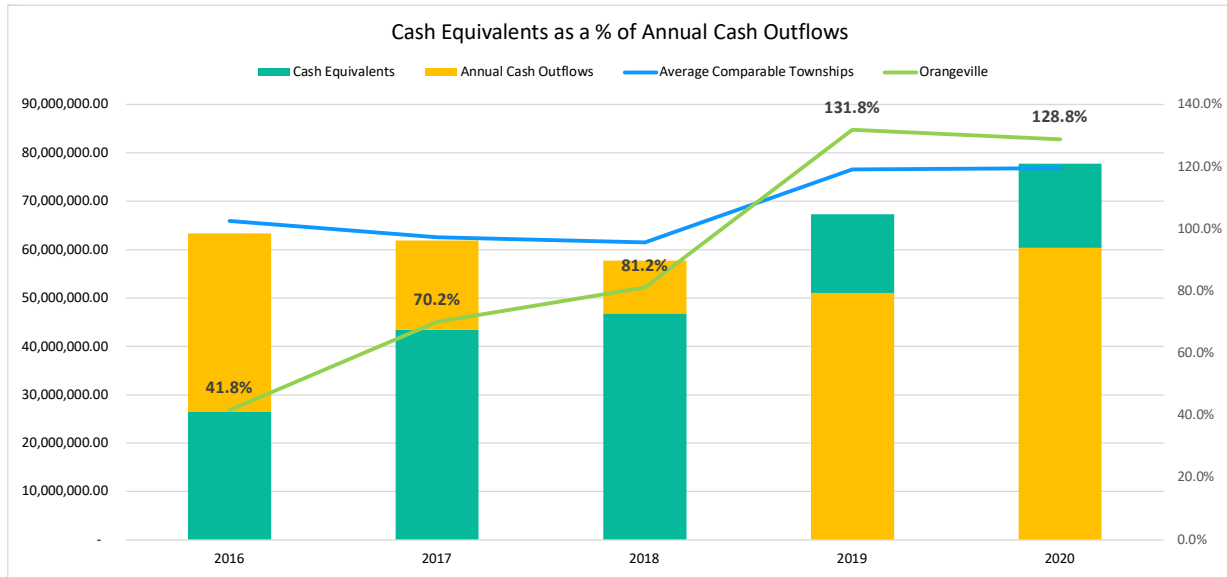
There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

The Town of Orangeville
Summary of Key Operating Measures
December 31, 2020

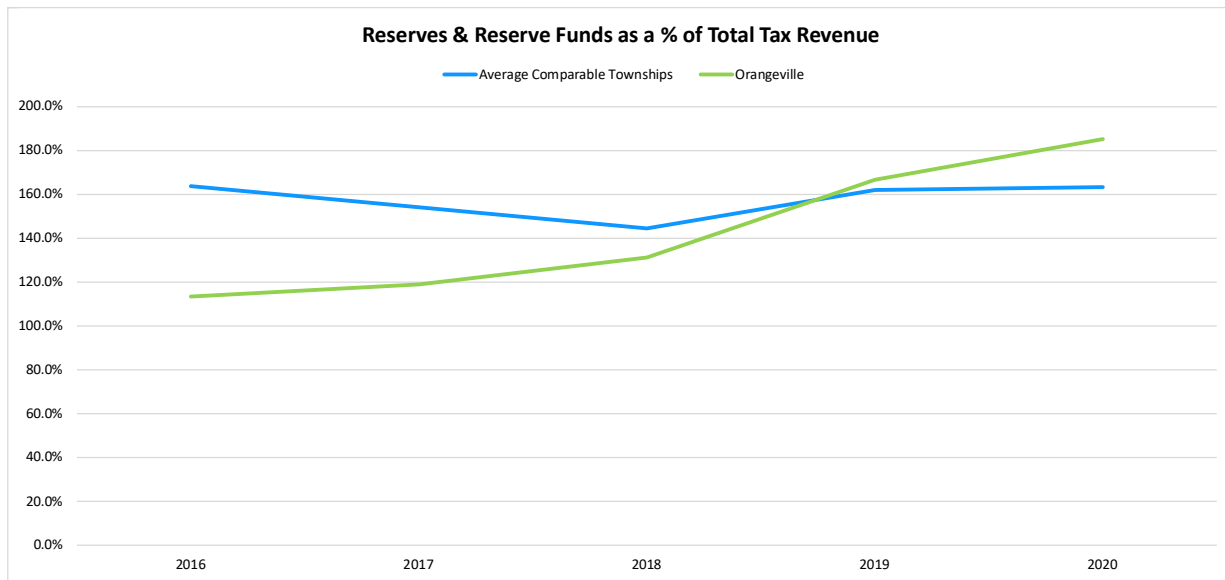
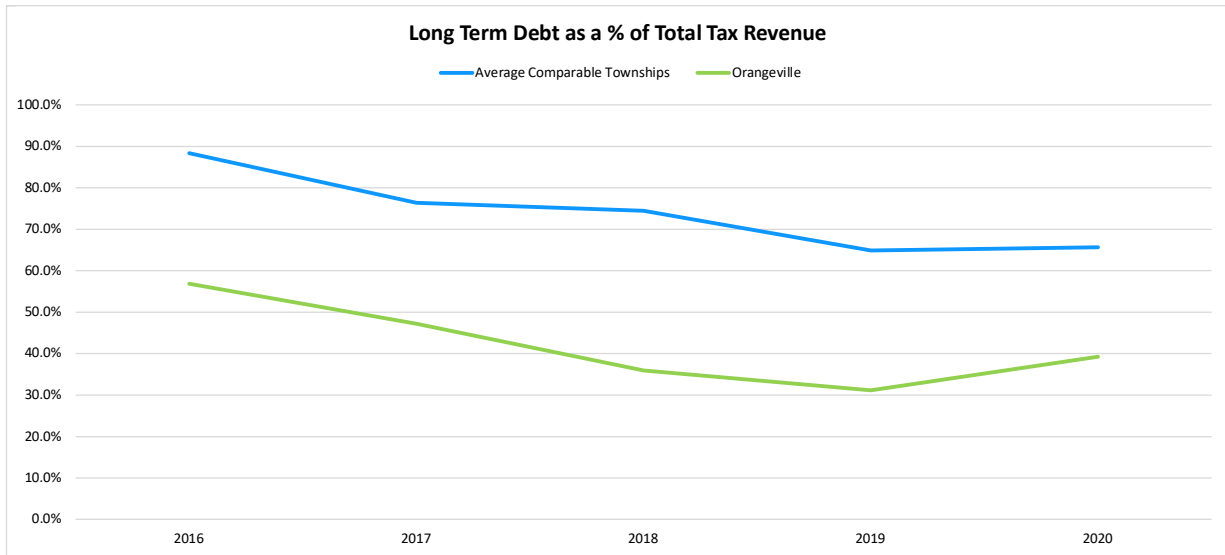


	2016	2017	2018	2019	2020
Expenses - General government	9.9%	11.3%	15.4%	16.5%	15.3%
Expenses - Protection services	29.1%	29.7%	29.8%	30.7%	37.8%
Expenses - Transportation services	17.7%	17.7%	17.3%	17.1%	15.6%
Expenses - Environmental services	20.3%	18.9%	19.1%	19.6%	17.7%
Expenses - Health services	0.2%	0.2%	0.2%	0.2%	0.2%
Expenses - Recreation and cultural services	19.7%	19.5%	15.4%	13.1%	10.9%
Expenses - Planning and development	3.0%	2.8%	2.8%	2.7%	2.6%

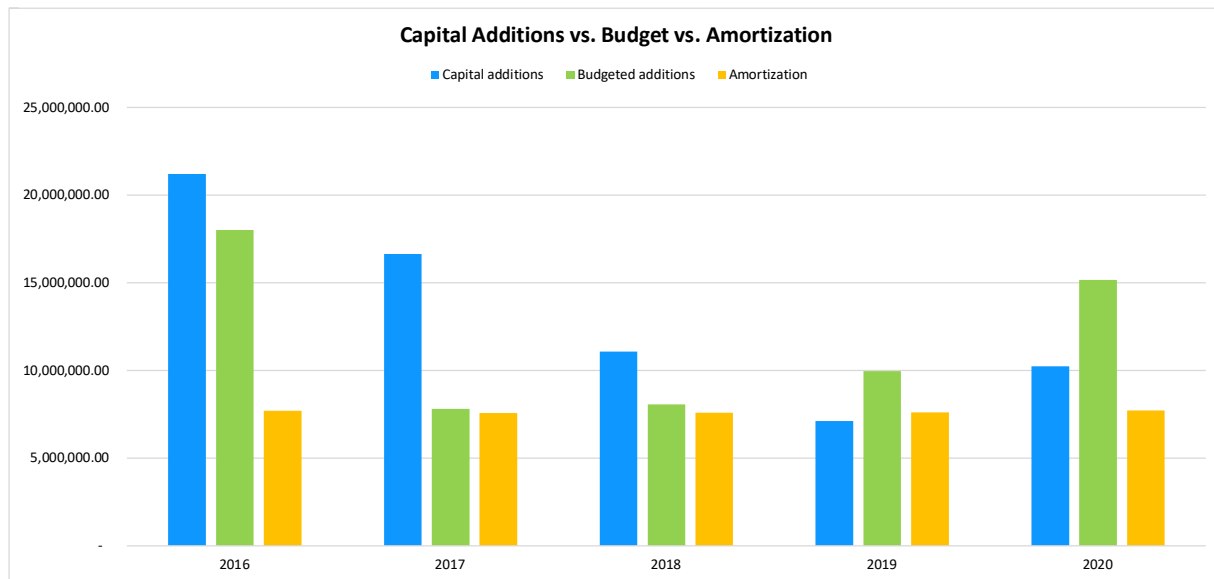
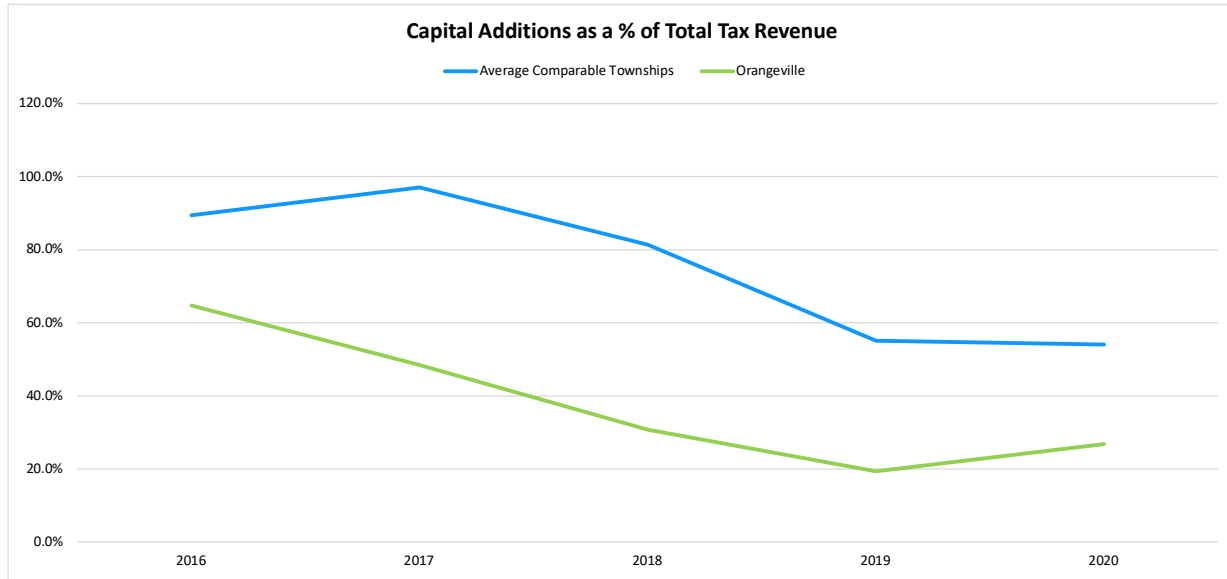
The Town of Orangeville Summary of Key Operating Measures December 31, 2020



The Town of Orangeville
Summary of Key Operating Measures
December 31, 2020



The Town of Orangeville
Summary of Key Operating Measures
December 31, 2020



The Town of Orangeville
Summary of Key Operating Measures
December 31, 2020

