

**CORPORATION OF THE  
TOWNSHIP OF ORO-MEDONTE**

**COUNTY OF SIMCOE**

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

DECEMBER 31, 2013

## CONTENTS

Independent Auditor's Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Financial Assets	4
Consolidated Statement of Cash Flow	5
Notes to the Consolidated Financial Statements	6
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	17
Schedule 2 - Consolidated Schedule of Segmented Tangible Capital Assets 2013	18
Schedule 3 - Consolidated Schedule of Segmented Tangible Capital Assets 2012	19
Schedule 4 - Consolidated Schedule of Segmented Revenues and Expenses 2013 Actual	20
Schedule 5 - Consolidated Schedule of Segmented Revenues and Expenses 2012 Actual	21
Schedule 6 - Consolidated Schedule of Segmented Revenues and Expenses 2013 Budget	22

**GAVILLER & COMPANY LLP**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Township of Oro-Medonte:

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Township of Oro-Medonte, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Township of Oro-Medonte as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Gaviller & Company LLP*

Licensed Public Accountants

Collingwood, Ontario

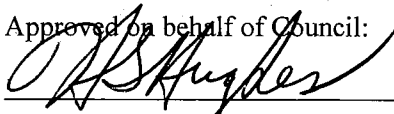
June 18, 2014

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2013	2012
	\$	\$ Restated (Note 13)
<b>Financial assets</b>		
Cash and temporary investments (Note 3)	10,027,312	9,343,891
Investments (Note 3)	2,084,552	1,543,094
Taxes receivable	4,220,133	4,114,296
Trade and other receivables	1,897,581	1,348,867
	18,229,578	16,350,148
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,367,749	2,145,786
Developer deposits and other current liabilities	1,984,402	1,950,762
Deferred revenue - obligatory reserve funds (Note 4)	1,837,159	1,445,501
Long-term (Note 5)	6,067,032	7,019,291
Employee future benefits (Note 6)	179,872	136,523
	12,436,214	12,697,863
Net financial assets	5,793,364	3,652,285
<b>Non-financial assets</b>		
Inventories	89,110	79,648
Tangible capital assets, net (Schedule 1 and Note 7)	64,178,596	63,443,109
	64,267,706	63,522,757
<b>Accumulated surplus (Note 9)</b>	70,061,070	67,175,042

Approved on behalf of Council:

  
 \_\_\_\_\_ Mayor  
 June 18<sup>TH</sup>, 2014 Date

The accompanying notes are an integral part of  
this financial statement

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2013	Actual 2013	Actual 2012
	\$ (Note 2)	\$	\$ Restated (Note 13)
<b>Revenues</b>			
Net municipal taxation (Note 10)	13,206,799	<b>13,239,445</b>	12,455,428
Taxation from other governments	99,887	<b>105,838</b>	100,082
User charges	1,704,431	<b>1,509,525</b>	3,156,183
Federal and Ontario grants	1,943,702	<b>2,184,552</b>	2,155,500
Contribution from obligatory reserve funds	91,000	<b>19,122</b>	63,222
Investment	191,800	<b>206,883</b>	189,982
Other (Note 8)	2,371,391	<b>2,980,532</b>	2,805,309
	<b>19,609,010</b>	<b>20,245,897</b>	20,925,706
<b>Expenses</b>			
General government	3,333,617	<b>3,623,082</b>	3,788,326
Fire and emergency services	1,587,020	<b>1,435,407</b>	1,444,929
Police	2,338,800	<b>2,265,913</b>	2,240,000
Planning, building and protection	1,717,826	<b>1,700,929</b>	1,475,481
Transportation	6,825,413	<b>7,290,746</b>	6,914,912
Waterworks systems	1,452,252	<b>1,292,111</b>	1,364,558
Parks and recreation	1,528,465	<b>1,531,945</b>	1,427,377
Library services	268,542	<b>268,541</b>	258,807
Waste management	-	-	1,651,749
	<b>19,051,935</b>	<b>19,408,674</b>	20,566,139
<b>Net revenues</b>	<b>557,075</b>	<b>837,223</b>	359,567
<b>Other</b>			
Grants and transfers related to capital			
Contributed tangible capital assets	610,302	<b>938,325</b>	2,105,455
Federal and Ontario grants	375,000	<b>304,943</b>	163,635
Contribution from obligatory reserve funds	1,723,449	<b>667,989</b>	688,830
Donations	16,750	<b>11,148</b>	29,391
Gain (loss) on disposal of tangible capital assets	-	<b>126,400</b>	(110,884)
	<b>2,725,501</b>	<b>2,048,805</b>	2,876,427
<b>Annual surplus</b>	<b>3,282,576</b>	<b>2,886,028</b>	3,235,994
<b>Accumulated surplus, beginning of year</b>	<b>67,175,042</b>	<b>67,175,042</b>	63,939,048
<b>Accumulated surplus, end of year (Note 9)</b>	<b>70,457,618</b>	<b>70,061,070</b>	67,175,042

The accompanying notes are an integral part of  
this financial statement

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Budget 2013	Actual 2013	Actual 2012
	\$ (Note 2)	\$	\$ Restated (Note 13)
Annual surplus	3,282,576	<b>2,886,028</b>	3,235,994
Acquisition of tangible capital assets	(8,227,220)	<b>(3,239,668)</b>	(2,099,320)
Amortization of tangible capital assets	3,324,659	<b>3,389,815</b>	3,351,989
(Gain) loss on disposal of tangible capital assets	-	<b>(126,400)</b>	110,884
Writedown of tangible capital assets	-	<b>382</b>	2,510
Proceeds on disposal of tangible capital assets	-	<b>178,709</b>	20,650
Changes in inventories	-	<b>(9,462)</b>	(9,276)
Contributed tangible capital assets	(610,302)	<b>(938,325)</b>	(2,105,455)
Change in net financial assets	(2,230,287)	<b>2,141,079</b>	2,507,976
Net financial assets, beginning of year	3,652,285	<b>3,652,285</b>	1,144,309
Net financial assets, end of year	1,421,998	<b>5,793,364</b>	3,652,285

The accompanying notes are an integral part of  
this financial statement

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2013	2012
	\$	\$
<b>Cash flows from (for):</b>		
<b>Operating activities</b>		
Annual surplus	2,886,028	3,235,994
Non-cash items:		
Amortization	3,389,815	3,351,989
Contributed tangible capital assets	(938,325)	(2,105,455)
(Gain) loss on disposal of tangible capital assets	(126,400)	110,884
	5,211,118	4,593,412
Changes in:		
Taxes receivable	(105,837)	(490,734)
Trade and other receivables	(256,860)	(348,619)
Inventories	(9,462)	(9,276)
Accounts payable and accrued liabilities	305,022	(175,519)
Developer deposits and other current liabilities	33,640	(178,116)
Employee future benefits	43,349	(17,123)
<b>Net change in cash from operations</b>	<b>5,220,970</b>	<b>3,374,025</b>
<b>Capital activities</b>		
Accounts payable and accrued liabilities - capital	(83,059)	160,638
Trade and other receivables - capital	(291,854)	(1,605)
Acquisition of tangible capital assets	(3,239,668)	(2,099,320)
Proceeds on disposal of tangible capital assets	178,709	20,650
Writedown of tangible capital assets	382	2,510
<b>Net change in cash from capital</b>	<b>(3,435,490)</b>	<b>(1,917,127)</b>
<b>Investing activities</b>		
Interest due upon maturity	(10,808)	(9,376)
Purchase of investments	(830,650)	(722,426)
Proceeds from matured investments	300,000	200,000
<b>Net change in cash from investing</b>	<b>(541,458)</b>	<b>(531,802)</b>
<b>Financing activities</b>		
Principal repayment of long-term liabilities	(952,259)	(920,785)
Increase in obligatory reserve funds	391,658	256,477
<b>Net change in cash from financing</b>	<b>(560,601)</b>	<b>(664,308)</b>
<b>Net change in cash position</b>	<b>683,421</b>	<b>260,788</b>
Cash and cash equivalents, beginning of year	9,343,891	9,083,103
<b>Cash and cash equivalents, end of year</b>	<b>10,027,312</b>	<b>9,343,891</b>

The accompanying notes are an integral part of  
this financial statement

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### Nature of operations

The Township of Oro-Medonte ("the municipality") is a lower-tier municipality located in the County of Simcoe, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act, Municipal Affairs Act and related legislation.

### 1. Summary of significant accounting policies

The consolidated financial statements of the municipality are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the municipality. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the municipality are as follows:

#### (a) Basis of consolidation

These consolidated financial statements reflect assets, liabilities, revenues and expenses of the municipality. They include the activities of the committees of Council and the following organizations which are accountable to, and owned or controlled by the municipality:

The Lake Simcoe Regional Airport Inc. (LSRA)	20%
Severn Sound Environmental Association (SSEA)	11%

All interfund assets and liabilities and sources of financing and expenses have been eliminated.

The Township of Oro-Medonte's portion of the LSRA has been included in these consolidated financial statements on a proportionate consolidation basis. The Township's portion of the SSEA has not been consolidated.

#### (b) Basis of accounting

Sources of 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) Deferred revenue

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

#### (d) County and school boards

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



# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 1. Summary of significant accounting policies (continued)

#### (e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

#### (i) 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 60 years
Buildings	15 to 85 years
Vehicles	3 to 40 years
Equipment	5 to 40 years
Infrastructure	6 to 100 years

Amortization is charged on a prorated basis in the year of acquisition and in the year of disposal. Work in progress is not amortized until the asset is available for productive use.

#### (ii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### (iii) Intangible assets

Intangible assets are not recognized as assets in the financial statements.

#### (iv) Inventories

Inventories consist of fuel and books and are recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

#### (f) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

#### (g) Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term, highly liquid financial instruments with a maturity of three months or less from the date of the consolidated statement of financial position.

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 1. Summary of significant accounting policies (continued)

#### (h) Revenue recognition

Net municipal taxation and the related penalties and interest are recognized as revenue in the year they are levied.

Included in user charges are fees for water usage. These fees are recognized as revenue when the service is rendered.

Conditional Federal and Ontario grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Federal and Ontario grants for acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Service charges and fees are included in other income and include subdivider contributions. These fees are recognized over the period of service or when required expenses are incurred if applicable.

Investment income (other than on obligatory funds) is reported as revenue 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. Revenue from the obligatory reserve funds is recognized in the year in which eligible expenses are incurred. This revenue is shown separately on the statement of operations as it relates to operating expenses and capital expenditures.

User charges, taxation from other governments, donations and other income are recognized on an accrual basis.

#### (i) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates have been made of historical cost and useful lives of tangible capital assets, employee future benefits and the collectibility of trade and other receivables. Actual results could differ from those estimates.

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 1. Summary of significant accounting policies (continued)

#### (j) Segmented disclosures

Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Net municipal taxation revenue is allocated to segments based on the net budget requirements of each segment. Any additional taxation revenue (i.e. supplementary taxes) is considered unallocated for purposes of segmented information.

#### (k) Pension plan

The Municipality offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Municipality accounts for its participation in OMERS as a defined benefit plan and recognizes the expense related to this plan as contributions are made.

#### (l) Other post-employment benefits

Employee future benefits other than pension provided by the Municipality include medical, dental and life insurance benefits. These plans provide benefits to employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render services on an accrual basis.

The accrued benefit obligations and the current service costs are calculated using the projected benefit method, prorated on service, and based on assumptions that reflect management's best estimates. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains or losses over 10% of the accrued benefit obligation is amortized to expense over the average remaining service period of active employees to full eligibility.

### 2. Budget amounts

The operating budget approved by Council for 2013 is reflected on the consolidated statement of operations. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these consolidated financial statements to comply with PSAB reporting requirements.

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 3. Cash, temporary investments and investments

Cash, temporary investments and investments consist of the following:

	2013	2012
	\$	\$
Unrestricted	10,274,705	9,441,484
Restricted	1,837,159	1,445,501
	<b>12,111,864</b>	<b>10,886,985</b>

Investments of \$2,084,552 (2012 - \$1,543,094) consist of cashable term deposits maturing in 2014 to 2018 earning interest at 1.75% to 2.95% per annum. Investments are recorded at cost which approximates fair market value.

### 4. Deferred revenue - obligatory reserve funds

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the obligatory reserve funds was as follows:

	Development Charges Act	Recreational Land	Gas Tax Allocation	Total
	\$	\$	\$	\$
Deferred revenue, beginning of year	1,026,856	32,190	386,455	<b>1,445,501</b>
Restricted funds received during the year	390,709	54,000	614,451	<b>1,059,160</b>
Interest earned	14,766	701	4,142	<b>19,609</b>
Revenue recognized during the year	(95,895)	-	(591,216)	<b>(687,111)</b>
Deferred revenue, end of year	1,336,436	86,891	413,832	<b>1,837,159</b>
			<b>2013</b>	<b>2012</b>
			\$	\$
Obligatory reserve funds:				
Development Charges Act			<b>1,336,436</b>	1,026,856
Recreational land			<b>86,891</b>	32,190
Gas Tax allocation			<b>413,832</b>	386,455
			<b>1,837,159</b>	<b>1,445,501</b>

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 5. Long-term liabilities

(a) Long-term liabilities consist of the following:

	2013	2012
	\$	\$
Note payable to the City of Barrie, repayable in annual installments of \$23,200 plus interest of 4.35%.	92,800	116,000
OIPC debenture, interest of 2.81%, repayable in semi-annual payments of \$106,748 to 2021	1,520,106	1,687,354
OIPC debenture, interest of 3.46%, repayable in semi-annual payments of \$119,150 to 2020	1,470,249	1,652,923
OIPC debenture, interest of 3.66%, repayable in semi-annual payments of \$90,237 to 2019	964,327	1,105,617
OIPC debenture, interest at 4.30% repayable in semi-annual payments of \$99,273 to 2019	963,330	1,115,527
OIPC debenture, interest at 4.38%, repayable in semi-annual payments of \$30,519 to 2018	246,860	295,483
OIPC debenture, interest at 4.96%, repayable in semi-annual payments of \$96,039 to 2017	689,200	841,409
Caterpillar financing loan, interest at 4.90%, repayable in monthly installments of \$6,946 to 2015, secured by equipment	120,160	204,978
	<b>6,067,032</b>	<b>7,019,291</b>

(b) Principal payments for the next 5 years and thereafter are as follows:

	\$
2014	984,997
2015	969,572
2016	969,655
2017	1,006,506
2018	796,665
Thereafter	1,339,637

The above long-term liabilities have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 6. Employee future benefits

The employees of the Municipality participate in the Ontario Municipal Employees Retirement Savings Plan (OMERS). Although the plan has a defined retirement benefit for employees, the related obligation of the Municipality cannot be identified. The municipality has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year were \$499,551 (2012 - \$431,980) for current service.

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 plan has a reported \$8.6 billion actuarial deficit at the end of 2013 (2012 - \$9.9 billion), based on actuarial liabilities of \$73.0 billion (2012 - \$69.3 billion) and actuarial assets of \$64.4 billion (2012 - \$59.4 billion).

The municipality pays certain post retirement benefits for extended health and dental benefits on behalf of its retired employees. The municipality recognizes these post retirement costs in the period in which the employees rendered the services. The accrued benefit obligation and the net periodic benefit cost were determined using a discount rate of 3.0%. The accrued benefit obligation at December 31, 2013 of \$179,872 (2012 - \$136,523) and the net periodic benefit cost were determined by management and extrapolated to 2020. Actuarial valuations will be prepared when there are significant changes to the workforce.

Information about the municipality's defined benefit plan is as follows:

	2013	2012
	\$	\$
Accrued plan liability, beginning of year	136,523	153,646
Interest costs and adjustments	25,107	(30,320)
Current service costs	9,934	7,265
Proportionate share - Lake Simcoe Regional Airport	12,345	10,990
Benefits paid for the period	(4,037)	(5,058)
<b>Accrued plan liability and accrued benefit obligation, end of year</b>	<b>179,872</b>	<b>136,523</b>

The main assumptions employed for the valuation are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2.0% in 2013 and thereafter.

(b) Interest (discount) rate

The obligation of the present value of future liabilities and the expense was determined using an annual discount rate of 3.0% in 2013 and thereafter.

(c) Health care costs

Medical costs were assumed to increase at a rate of 5.0% in 2013 and thereafter.

(d) Dental costs

Dental costs were assumed to increase at the rate of 5.0% in 2013 and thereafter.

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 7. Tangible capital assets

Schedules 1, 2 and 3 provide information on the tangible capital assets of the municipality by major asset class and service segment, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(a) Work in progress

Work in progress with a value of \$994,949 (2012 - \$733,004) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$938,325 (2012 - \$2,105,455).

(c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

### 8. Other revenues

Other revenues consist of the following:

	2013 Budget	2013 Actual	2012 Actual
	\$	\$	\$
	(Note 2)		
Penalties and interest on taxation	496,000	<b>614,120</b>	570,233
Service charges and fees	240,140	<b>267,077</b>	265,494
Licences and permits	387,000	<b>716,396</b>	504,258
Fines	353,000	<b>362,385</b>	344,724
Facility rentals	461,893	<b>448,758</b>	470,946
Sundry revenue	433,358	<b>569,796</b>	627,104
Sale of unopened road allowances	-	<b>2,000</b>	22,550
	<b>2,371,391</b>	<b>2,980,532</b>	<b>2,805,309</b>

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 9. Accumulated surplus

The accumulated surplus consists of individual fund surplus and reserves as follows:

	2013	2012
	\$	\$ Restated (Note 13)
<b>Surplus</b>		
Invested in tangible capital assets	58,111,564	56,423,818
General area taxation	381,428	621,558
Lake Simcoe Regional Airport Inc.	172,599	115,265
Community centres	(10,178)	(2,263)
Septic inspection program	(774)	-
Unfunded employee future benefits	(179,872)	(136,523)
	58,474,767	57,021,855
<b>Reserves set aside for specific purposes by Council</b>		
Acquisition of specific assets	5,298,670	4,443,179
Working funds	2,455,380	2,339,308
Contingencies	141,345	29,849
Insurance	52,313	52,313
Gravel pit restoration	34,634	44,021
Waterworks systems	3,540,414	3,160,764
Community halls	63,547	83,753
	11,586,303	10,153,187
	70,061,070	67,175,042

Capital projects in the amount of \$617,414 were financed from the Waterworks systems reserve in 2008. Annual transfers of \$61,741 will be made until 2017 to replenish the reserve.

### 10. Net municipal taxation

Net municipal taxation consists of:

	2013	2012
	\$	\$
Taxation revenue	33,242,223	30,582,578
Amounts levied and remitted to School Boards	(9,161,329)	(9,242,314)
Amounts levied and remitted to County of Simcoe	(10,841,449)	(8,884,836)
	13,239,445	12,455,428



# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 11. Commitments

The municipality has leased various equipment for which the minimum annual lease payments are as follows:

	\$
2014	54,920
2015	22,254
2016	13,482
2017	10,112

### 12. Future accounting pronouncements

The CICA has issued Section PS 3450, "Financial Instruments", which establishes recognition, measurement, presentation and disclosure standards relating to financial instruments such as receivables, payables, and equity instruments. The section is effective for governments for fiscal years beginning on or after April 1, 2015; the municipality is required to adopt this section for its fiscal year beginning January 1, 2016. Earlier adoption is allowed. The new standard is not expected to have a material effect on the consolidated financial statements.

The CICA issued Section PS 3041, "Portfolio Investments", which replaces Section PS 3040. The new section establishes recognition, measurement, presentation and disclosure standards relating to investments in organizations that do not form part of the government reporting entity. This section must be implemented upon the adoption of Section PS 3450.

The CICA issued Section PS 1201, "Financial Statement Presentation", which replaces Section 1200. The new section establishes reporting principles and standards for the disclosure of information in government financial statements. This section establishes the requirement of the municipality's financial statements to include a statement of financial position, statement of operations, a statement of remeasurement gains and losses, a statement of change in net debt and a statement of cash flow. This section must be implemented upon the adoption of Section PS 3450.

### 13. Restatement

The financial statements of the Lake Simcoe Regional Airport Inc. have been restated as a result of an error in the recognition of the municipal funding relating to the runway expansion in years prior to January 1, 2012. Accordingly, these financial statements have been restated to reflect the municipality's proportionate share of these adjustments. The impact of this restatement on the prior year statement of financial position is as follows:

	As previously stated	Adjustments	As restated
	\$	\$	\$
Opening accumulated surplus	64,026,894	(87,846)	63,939,048
Trade and other receivables	1,436,713	(87,846)	1,348,867

# CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2013

### 14. Contingencies

- (a) Claims have been filed against the municipality requesting damages. The ultimate outcome of these claims is not determinable at the time of issue of these consolidated financial statements. No provision for these claims has been recorded in these financial statements. Settlements in excess of insurance, if any, will be reflected in the periods in which financial settlement occurs.
- (b) During 1991, the County of Simcoe assumed the waste management of the municipality pursuant to provincial legislation. In connection therewith, the municipality transferred the property and related assets utilized in its waste management activities to the County. The legislation provides for financial adjustments to be made between the municipality and County with respect to the transfer of these activities, the property and related assets. Settlements were reached for the related assets in prior years. Negotiations remain unresolved and indeterminate regarding the landfill sites and gravel pit property. Settlements will be reflected in the periods in which the settlements occur.
- (c) Appeals of the current value assessment of properties and applications for property tax rebates for vacant commercial and industrial buildings in the Municipality may be in process. The impact on taxation revenue as a result of settlement of these appeals and applications is not determinable at this time. The effect on taxation will be recorded in the fiscal year in which they can be determined.

### 15. Government partnerships

The following summarizes the financial position and operations of the Lake Simcoe Regional Airport. The Township of Oro-Medonte's pro-rata share of these amounts have been reported in the financial statements using the proportionate consolidation method:

	Lake Simcoe Regional Airport
Financial assets	933,833
Liabilities	596,807
Net financial assets	337,026
Non-financial assets	21,903,107
Accumulated surplus	22,240,133
Note payable and employee future benefits	(525,727)
Invested in tangible capital assets	21,902,869
Current and capital fund	862,991
	22,240,133
Revenues	2,323,713
Expenses	2,626,649
Annual deficit	(302,936)

For the year ending December 31, 2012, the accumulated deficit of the Severn Sound Environmental Association (SSEA) was \$329,386. The Township of Oro-Medonte's pro-rata share of \$36,232 has not been consolidated in the financial statements.

## CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

### SCHEDULE 1 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Land	Land Improvements	Buildings	Vehicles	Equipment	Infrastructure	Work in Progress	2013 Total	2012 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
Balance, beginning of year	9,403,892	4,956,475	8,789,374	7,024,823	5,757,001	65,235,675	733,004	101,900,244	98,461,567
Additions	379,052	49,529	96,021	99,960	286,183	3,004,921	915,410	4,831,076	4,843,333
Disposals	(27,222)	-	-	(36,209)	(31,482)	(202,543)	(653,465)	(950,921)	(1,404,656)
Balance, end of year	9,755,722	5,006,004	8,885,395	7,088,574	6,011,702	68,038,053	994,949	105,780,399	101,900,244
<b>Accumulated amortization</b>									
Balance, beginning of year	-	2,022,974	2,821,731	3,376,151	2,266,038	27,970,241	-	38,457,135	35,737,200
Amortization	-	165,730	188,706	439,680	262,917	2,332,782	-	3,389,815	3,351,989
Disposals	-	-	-	(28,734)	(22,226)	(194,187)	-	(245,147)	(632,054)
Balance, end of year	-	2,188,704	3,010,437	3,787,097	2,506,729	30,108,836	-	41,601,803	38,457,135
Net book value, end of year	9,755,722	2,817,300	5,874,958	3,301,477	3,504,973	37,929,217	994,949	64,178,596	63,443,109

The accompanying notes are an integral part of  
this financial statement

## CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

### SCHEDULE 2 CONSOLIDATED SCHEDULE OF SEGMENTED TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	10,173,279	4,576,060	555,109	95,616	69,727,706	11,152,844	4,886,626	101,167,240
Additions	444,212	149,048	-	51,721	2,105,999	1,091,895	72,791	3,915,666
Disposals	(58,704)	-	-	(36,209)	(202,543)	-	-	(297,456)
Assets in service, end of year	10,558,787	4,725,108	555,109	111,128	71,631,162	12,244,739	4,959,417	104,785,450
Work in progress	622,571	-	-	-	108,653	136,775	126,950	994,949
All assets, end of year	11,181,358	4,725,108	555,109	111,128	71,739,815	12,381,514	5,086,367	105,780,399
<b>Accumulated amortization</b>								
Balance, beginning of year	799,770	2,089,398	131,341	70,682	30,421,100	2,646,883	2,297,961	38,457,135
Amortization	64,870	202,266	12,410	11,828	2,670,440	247,081	180,920	3,389,815
Disposals	(22,226)	-	-	(28,734)	(194,187)	-	-	(245,147)
Balance, end of year	842,414	2,291,664	143,751	53,776	32,897,353	2,893,964	2,478,881	41,601,803
Net book value, end of year	10,338,944	2,433,444	411,358	57,352	38,842,462	9,487,550	2,607,486	64,178,596

The accompanying notes are an integral part of  
this financial statement

## CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

### SCHEDULE 3 CONSOLIDATED SCHEDULE OF SEGMENTED TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	9,930,466	4,598,337	555,109	95,616	68,853,303	9,172,480	4,570,662	97,775,973
Additions	250,172	43,545	-	-	1,342,343	2,117,506	401,289	4,154,855
Disposals	(7,359)	(65,822)	-	-	(467,940)	(137,142)	(85,325)	(763,588)
Assets in service, end of year	10,173,279	4,576,060	555,109	95,616	69,727,706	11,152,844	4,886,626	101,167,240
Work in progress	-	5,377	-	-	87,021	635,143	5,463	733,004
All assets, end of year	10,173,279	4,581,437	555,109	95,616	69,814,727	11,787,987	4,892,089	101,900,244
<b>Accumulated amortization</b>								
Balance, beginning of year	749,206	1,954,957	118,931	58,883	28,134,751	2,505,649	2,214,823	35,737,200
Amortization	56,391	200,263	12,410	11,799	2,687,580	219,748	163,798	3,351,989
Disposals	(5,827)	(65,822)	-	-	(401,231)	(78,514)	(80,660)	(632,054)
Balance, end of year	799,770	2,089,398	131,341	70,682	30,421,100	2,646,883	2,297,961	38,457,135
Net book value, end of year	9,373,509	2,492,039	423,768	24,934	39,393,627	9,141,104	2,594,128	63,443,109

The accompanying notes are an integral part of  
this financial statement

## CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

### SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2013

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Net municipal taxation	3,296,162	1,527,246	2,001,390	1,142,753	5,914,496	-	1,187,756	(1,830,358)	13,239,445
Taxation from other governments	-	-	-	-	-	-	-	105,838	105,838
User charges	-	-	-	-	126,676	1,382,849	-	-	1,509,525
Federal and Ontario grants	-	-	-	35,966	175,828	-	45,658	1,927,100	2,184,552
Contribution from obligatory reserve funds	-	6,515	-	2,390	10,217	-	-	-	19,122
Investment	-	-	-	-	-	35,401	941	170,541	206,883
Other	156,534	55,831	332,509	870,264	338,591	93,262	533,042	600,499	2,980,532
	3,452,696	1,589,592	2,333,899	2,051,373	6,565,808	1,511,512	1,767,397	973,620	20,245,897
<b>Expenses</b>									
Salaries, wages and employee benefits	2,045,383	768,981	384	1,103,202	1,944,496	531,901	753,933	-	7,148,280
Interest on long-term liabilities	-	-	-	-	240,788	-	-	-	240,788
Materials and supplies	549,759	394,473	11,043	137,575	1,636,867	475,139	562,934	-	3,767,790
Contracted services	820,085	69,687	2,242,076	176,829	798,155	37,990	287,099	-	4,431,921
Rents, financial expenses and external transfers	142,985	-	-	271,495	-	-	15,600	-	430,080
Amortization	64,870	202,266	12,410	11,828	2,670,440	247,081	180,920	-	3,389,815
	3,623,082	1,435,407	2,265,913	1,700,929	7,290,746	1,292,111	1,800,486	-	19,408,674
Net revenues (expenses)	(170,386)	154,185	67,986	350,444	(724,938)	219,401	(33,089)	973,620	837,223
<b>Other</b>									
Grants and transfers related to capital	-	-	-	-	-	-	-	-	-
Contributed tangible capital assets	57,000	-	-	-	435,990	445,335	-	-	938,325
Federal and Ontario grants	304,943	-	-	-	-	-	-	-	304,943
Contribution from obligatory reserve funds	-	-	-	-	647,253	-	20,736	-	667,989
Donations	8,028	-	-	-	-	-	3,120	-	11,148
Gain (loss) on disposal of tangible capital assets	143,733	-	-	278	(17,611)	-	-	-	126,400
	513,704	-	-	278	1,065,632	445,335	23,856	-	2,048,805
Annual surplus (deficit)	343,318	154,185	67,986	350,722	340,694	664,736	(9,233)	973,620	2,886,028

The accompanying notes are an integral part of  
this financial statement

## CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

### SCHEDULE 5 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2012

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Waste Management	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Net municipal taxation	3,285,225	1,486,263	1,903,049	1,013,427	5,684,168	-	1,114,887	-	(2,031,591)	12,455,428
Taxation from other governments	-	-	-	-	-	-	-	-	100,082	100,082
User charges	-	-	-	-	120,572	1,387,226	-	1,648,385	-	3,156,183
Federal and Ontario grants	-	-	-	15,812	137,490	25,000	35,798	-	1,941,400	2,155,500
Contribution from obligatory reserve funds	-	7,168	-	-	7,719	-	48,335	-	-	63,222
Investment	-	-	-	-	-	33,105	1,067	-	155,810	189,982
Other	177,012	78,365	319,324	665,371	352,959	78,619	575,002	2,544	556,113	2,805,309
	<u>3,462,237</u>	<u>1,571,796</u>	<u>2,222,373</u>	<u>1,694,610</u>	<u>6,302,908</u>	<u>1,523,950</u>	<u>1,775,089</u>	<u>1,650,929</u>	<u>721,814</u>	<u>20,925,706</u>
<b>Expenses</b>										
Salaries, wages and employee benefits	1,907,838	784,615	1,083	979,216	1,693,787	571,533	724,990	-	-	6,663,062
Interest on long-term liabilities	-	-	-	-	272,555	-	-	-	-	272,555
Materials and supplies	682,506	387,327	10,173	125,178	1,670,897	517,417	529,845	2,805	-	3,926,148
Contracted services	1,001,616	72,724	2,216,334	85,456	590,093	55,860	261,951	-	-	4,284,034
Rents, financial expenses and external transfers	139,975	-	-	273,832	-	-	5,600	1,648,944	-	2,068,351
Amortization	56,391	200,263	12,410	11,799	2,687,580	219,748	163,798	-	-	3,351,989
	<u>3,788,326</u>	<u>1,444,929</u>	<u>2,240,000</u>	<u>1,475,481</u>	<u>6,914,912</u>	<u>1,364,558</u>	<u>1,686,184</u>	<u>1,651,749</u>	<u>-</u>	<u>20,566,139</u>
<b>Net revenues (expenses)</b>	<b>(326,089)</b>	<b>126,867</b>	<b>(17,627)</b>	<b>219,129</b>	<b>(612,004)</b>	<b>159,392</b>	<b>88,905</b>	<b>(820)</b>	<b>721,814</b>	<b>359,567</b>
<b>Other</b>										
Grants and transfers related to capital										
Contributed tangible capital assets	9,500	-	-	-	299,185	1,781,378	15,392	-	-	2,105,455
Federal and Ontario grants	-	7,735	-	-	-	-	155,900	-	-	163,635
Contribution from obligatory reserve funds	-	-	-	-	676,587	-	12,243	-	-	688,830
Donations	-	-	-	-	-	-	29,391	-	-	29,391
Gain (loss) on disposal of tangible capital assets	(1,033)	4,840	-	-	(54,670)	(55,357)	(4,664)	-	-	(110,884)
	<u>8,467</u>	<u>12,575</u>	<u>-</u>	<u>-</u>	<u>921,102</u>	<u>1,726,021</u>	<u>208,262</u>	<u>-</u>	<u>-</u>	<u>2,876,427</u>
<b>Annual surplus (deficit)</b>	<b>(317,622)</b>	<b>139,442</b>	<b>(17,627)</b>	<b>219,129</b>	<b>309,098</b>	<b>1,885,413</b>	<b>297,167</b>	<b>(820)</b>	<b>721,814</b>	<b>3,235,994</b>

The accompanying notes are an integral part of  
this financial statement

## CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

### SCHEDULE 6 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES BUDGET FOR THE YEAR ENDED DECEMBER 31, 2013

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Net municipal taxation	3,296,162	1,527,246	2,001,390	1,142,753	5,914,496	-	1,187,756	(1,863,004)	13,206,799
Taxation from other governments	-	-	-	-	-	-	-	99,887	99,887
User charges	-	-	-	-	123,267	1,581,164	-	-	1,704,431
Federal and Ontario grants	-	-	-	16,000	140,000	-	30,702	1,757,000	1,943,702
Contribution from obligatory reserve funds	-	8,000	-	62,250	20,750	-	-	-	91,000
Investment	-	-	-	-	-	35,000	-	156,800	191,800
Other	83,531	64,100	325,000	489,390	274,652	78,752	573,966	482,000	2,371,391
	3,379,693	1,599,346	2,326,390	1,710,393	6,473,165	1,694,916	1,792,424	632,683	19,609,010
<b>Expenses</b>									
Salaries, wages and employee benefits	2,041,177	870,011	1,480	1,193,744	1,970,023	633,002	737,309	-	7,446,746
Interest on long-term liabilities	-	-	-	-	240,797	-	-	-	240,797
Materials and supplies	475,606	451,289	13,359	154,796	1,569,567	522,673	598,641	-	3,785,931
Contracted services	611,610	65,046	2,311,551	125,050	418,250	60,500	-	-	3,592,007
Rents, financial expenses and external transfers	142,100	-	-	235,553	-	-	284,142	-	661,795
Amortization	63,124	200,674	12,410	8,683	2,626,776	236,077	176,915	-	3,324,659
	3,333,617	1,587,020	2,338,800	1,717,826	6,825,413	1,452,252	1,797,007	-	19,051,935
<b>Net revenues (expenses)</b>	46,076	12,326	(12,410)	(7,433)	(352,248)	242,664	(4,583)	632,683	557,075
<b>Other</b>									
Grants and transfers related to capital	-	-	-	-	-	610,302	-	-	610,302
Contributed tangible capital assets	-	-	-	-	-	-	-	-	375,000
Federal and Ontario grants	375,000	-	-	-	-	-	-	-	375,000
Contribution from obligatory reserve funds	-	250,000	-	-	1,141,004	-	332,445	-	1,723,449
Donations	-	-	-	-	-	-	16,750	-	16,750
	375,000	250,000	-	-	1,141,004	610,302	349,195	-	2,725,501
<b>Annual surplus (deficit)</b>	421,076	262,326	(12,410)	(7,433)	788,756	852,966	344,612	632,683	3,282,576

The accompanying notes are an integral part of  
this financial statement