

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

COUNTY OF SIMCOE

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2012

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

DECEMBER 31, 2012

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' 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, 2012, 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.

Auditors' 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 auditors' 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 auditors consider 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 **Township of Oro-Medonte** as at December 31, 2012, 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 26, 2013

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2012	2011
	\$	\$
Financial assets		
Cash and temporary investments (Note 3)	9,343,891	9,083,103
Investments (Note 3)	1,543,094	1,011,292
Taxes receivable	4,114,296	3,623,562
Trade and other receivables	1,436,713	1,086,489
	16,437,994	14,804,446
Liabilities		
Accounts payable and accrued liabilities	2,145,786	2,160,667
Developer deposits and other current liabilities	1,950,762	2,128,878
Deferred revenue - obligatory reserve funds (Note 4)	1,445,501	1,189,024
Long-term (Note 5)	7,019,291	7,940,076
Employee future benefits (Note 6)	136,523	153,646
	12,697,863	13,572,291
Net financial assets	3,740,131	1,232,155
Non-financial assets		
Inventories	79,648	70,372
Tangible capital assets, net (Schedule 1 and Note 7)	63,443,109	62,724,367
	63,522,757	62,794,739
Accumulated surplus (Note 9)	67,262,888	64,026,894

Approved on behalf of Council:

 Mayor

June 26, 2013 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 2012	Actual 2012	Actual 2011
	\$ (Note 2)	\$	\$
Revenues			
Net municipal taxation (Note 10)	12,527,446	12,455,428	11,620,720
Taxation from other governments	98,256	100,082	122,365
User charges	3,297,796	3,156,183	2,782,273
Federal and Ontario grants	2,170,102	2,155,500	2,116,785
Contribution from obligatory reserve funds	40,500	63,222	8,039
Investment	170,000	189,982	164,494
Other (Note 8)	2,300,405	2,805,309	2,394,166
	20,604,505	20,925,706	19,208,842
Expenses			
General government	3,293,277	3,788,326	3,381,541
Fire and emergency services	1,549,377	1,444,929	1,363,803
Police	2,265,463	2,240,000	2,240,244
Planning, building and protection	1,555,730	1,475,481	1,410,686
Transportation	6,789,822	6,914,912	6,159,787
Waterworks systems	1,377,262	1,364,558	1,121,624
Parks and recreation	1,652,489	1,427,377	1,473,791
Library services	257,807	258,807	248,838
Waste management	1,653,004	1,651,749	1,415,825
	20,394,231	20,566,139	18,816,139
Net revenues	210,274	359,567	392,703
Other			
Grants and transfers related to capital			
Contributed tangible capital assets	225,000	2,105,455	1,220,580
Federal and Ontario grants	147,650	163,635	110,532
Contribution from obligatory reserve funds	1,383,032	688,830	661,690
Donations	3,500	29,391	102,830
Loss on disposal of tangible capital assets	-	(110,884)	(201,031)
	1,759,182	2,876,427	1,894,601
Annual surplus	1,969,456	3,235,994	2,287,304
Accumulated surplus, beginning of year	64,026,894	64,026,894	61,739,590
Accumulated surplus, end of year (Note 9)	65,996,350	67,262,888	64,026,894

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 2012	Actual 2012	Actual 2011
	\$ (Note 2)	\$	\$
Annual surplus	1,969,456	3,235,994	2,287,304
Acquisition of tangible capital assets	(4,419,223)	(2,099,320)	(5,252,195)
Amortization of tangible capital assets	3,307,931	3,351,989	3,141,162
Loss on disposal of tangible capital assets	-	110,884	201,031
Writedown of tangible capital asset	-	2,510	8,085
Proceeds on disposal of tangible capital assets	-	20,650	112,616
Changes in inventories	-	(9,276)	11,532
Contributed tangible capital assets	(225,000)	(2,105,455)	(1,220,580)
Change in net financial assets	633,164	2,507,976	(711,045)
Net financial assets, beginning of year	1,232,155	1,232,155	1,943,200
Net financial assets, end of year	1,865,319	3,740,131	1,232,155

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

	2012	2011
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	3,235,994	2,287,304
Non-cash items:		
Amortization	3,351,989	3,141,162
Contributed tangible capital assets	(2,105,455)	(1,220,580)
Loss on disposal of tangible capital assets	110,884	201,031
	4,593,412	4,408,917
Changes in:		
Taxes receivable	(490,734)	(52,885)
Trade and other receivables	(350,224)	215,892
Inventories	(9,276)	11,532
Accounts payable and accrued liabilities	(175,519)	(236,364)
Developer deposits and other current liabilities	(178,116)	165,034
Employee future benefits	(17,123)	72,185
Net change in cash from operations	3,372,420	4,584,311
Capital activities		
Accounts payable and accrued liabilities - capital	160,638	93,766
Acquisition of tangible capital assets	(2,099,320)	(5,252,195)
Proceeds on disposal of tangible capital assets	20,650	112,616
Writedown of tangible capital asset	2,510	8,085
Net change in cash from capital	(1,915,522)	(5,037,728)
Investing activities		
Interest due upon maturity	(9,376)	(10,465)
Purchase of investments	(722,426)	(1,000,000)
Proceeds from matured investments	200,000	100,000
Net change in cash from investing	(531,802)	(910,465)
Financing activities		
Issuance of long-term liabilities	-	1,850,000
Principal repayment of long-term liabilities	(920,785)	(732,354)
Increase in obligatory reserve funds	256,477	187,405
Net change in cash from financing	(664,308)	1,305,051
Net change in cash position	260,788	(58,831)
Cash and cash equivalents, beginning of year	9,083,103	9,141,934
Cash and cash equivalents, end of year	9,343,891	9,083,103

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, 2012

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. Included in accounts payable is \$NIL (2011 - \$278,219) owing to the City of Barrie for the recent expansion project.

(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, 2012

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, 2012

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. Actual results could differ from those estimates.

(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.

2. Budget amounts

The operating budget approved by Council for 2012 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, 2012

3. Cash, temporary investments and investments

Cash, temporary investments and investments consist of the following:

	2012	2011
	\$	\$
Unrestricted	9,441,484	8,905,371
Restricted	1,445,501	1,189,024
	10,886,985	10,094,395

Investments of \$1,543,094 (2011 - \$1,011,292) consist of cashable term deposits maturing in 2013 to 2017 earning interest at 1.60% 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	799,640	-	389,384	1,189,024
Restricted funds received during the year	297,532	80,310	614,451	992,293
Interest earned	11,727	215	4,295	16,237
Revenue recognized during the year	(82,043)	(48,335)	(621,675)	(752,053)
Deferred revenue, end of year	1,026,856	32,190	386,455	1,445,501

	2012	2011
	\$	\$
Obligatory reserve funds:		
Development Charges Act	1,026,856	799,640
Recreational land	32,190	-
Gas Tax allocation	386,455	389,384
	1,445,501	1,189,024

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

5. Long-term liabilities

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

	2012	2011
	\$	\$
Note payable to the City of Barrie, repayable in annual installments of \$23,200 plus interest of 4.35%.	116,000	139,200
OIPC debenture, interest of 2.81%, repayable in semi-annual payments of \$106,748 to 2021	1,687,354	1,850,000
OIPC debenture, interest of 3.46%, repayable in semi-annual payments of \$119,150 to 2020	1,652,923	1,829,438
OIPC debenture, interest of 3.66%, repayable in semi-annual payments of \$90,237 to 2019	1,105,617	1,241,873
OIPC debenture, interest at 4.30% repayable in semi-annual payments of \$99,273 to 2019	1,115,527	1,261,385
OIPC debenture, interest at 4.38%, repayable in semi-annual payments of \$30,519 to 2018	295,483	342,043
OIPC debenture, interest at 4.96%, repayable in semi-annual payments of \$96,039 to 2017	841,409	986,340
Caterpillar financing loan, interest at 4.90%, repayable in monthly installments of \$6,946 to 2015, secured by equipment	204,978	289,797
	7,019,291	7,940,076

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

	\$
2013	952,259
2014	984,997
2015	969,572
2016	969,655
2017	1,006,506
Thereafter	2,136,302

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, 2012

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 totaled \$431,980 (2011 -\$371,464).

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, 2012 of \$136,523 (2011 - \$153,646) 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:

	2012	2011
	\$	\$
Accrued plan liability, beginning of year	153,646	81,461
Interest costs and adjustments	(30,320)	63,038
Current service costs	7,265	7,391
Proportionate share - Lake Simcoe Regional Airport	10,990	9,696
Benefits paid for the period	(5,058)	(7,940)
Accrued plan liability and accrued benefit obligation, end of year	136,523	153,646

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 2.3% in 2012 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 2012 and thereafter.

(c) Health care costs

Medical costs were assumed to increase at a rate of 5.0% for 2012 and thereafter.

(d) Dental costs

Dental costs were assumed to increase at the rate of 5.0% in 2012 and thereafter.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

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 \$733,004 (2011 - \$685,594) 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 \$2,105,455 (2011 - \$1,220,580).

(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:

	2012 Budget	2012 Actual	2011 Actual
	\$	\$	\$
	(Note 2)		
Penalties and interest on taxation	477,000	570,233	524,798
Service charges and fees	269,904	265,494	237,231
Licences and permits	378,700	504,258	413,979
Fines	353,000	344,724	338,066
Facility rentals	455,400	470,946	441,156
Sundry revenue	366,401	627,104	436,758
Sale of unopened road allowances	-	22,550	2,178
	2,300,405	2,805,309	2,394,166

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

9. Accumulated surplus

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

	2012	2011
	\$	\$
Surplus		
Invested in tangible capital assets	56,423,818	54,784,291
General area taxation	621,558	476,512
Lake Simcoe Regional Airport Inc.	203,111	223,305
Community centres	(2,263)	(1,963)
Waste management	-	(2,134)
Unfunded employee future benefits	(136,523)	(153,646)
	57,109,701	55,326,365
Reserves set aside for specific purposes by Council		
Acquisition of specific assets	4,443,179	3,453,587
Working funds	2,339,308	1,975,156
Contingencies	29,849	34,113
Insurance	52,313	49,813
Gravel pit restoration	44,021	44,021
Waterworks systems	3,160,764	3,059,517
Community halls	83,753	84,322
	10,153,187	8,700,529
	67,262,888	64,026,894

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:

	2012	2011
	\$	\$
Taxation revenue	30,582,578	29,547,720
Amounts levied and remitted to School Boards	(9,242,314)	(9,237,084)
Amounts levied and remitted to County of Simcoe	(8,884,836)	(8,689,916)
	12,455,428	11,620,720

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

11. Commitments

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

	\$
2013	54,920
2014	54,920
2015	22,254
2016	13,482
2017	10,112

12. Future accounting pronouncements

Section PS 3410, "Government Transfer", which establishes recognition, measurement, presentation and disclosure standards for transfers from senior levels of government and transfers from the municipality. This section does not include transfers of tax revenue which is included in PS 3510. This section is effective for fiscal years beginning on or after April 1, 2012; the municipality is required to adopt this section for its fiscal year beginning January 1, 2013. This new standard is not expected to have a material impact on the consolidated financial statements.

In February 2010, the CICA issued PS 3510, "Tax Revenue", which establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. This section is effective for fiscal years beginning on or after April 1, 2012; the municipality is required to adopt this section for its fiscal year beginning on or after January 1, 2013. The new standard is not expected to have a material effect on the consolidated financial statements.

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 has 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 has 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.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

13. 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.

14. Comparative figures

Certain comparative figures on the consolidated statement of financial position have been reclassified to conform to the current year's presentation.

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	2012 Total	2011 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	9,363,937	4,919,593	7,749,103	7,148,804	5,013,560	63,580,976	685,594	98,461,567	93,130,712
Additions	39,955	36,882	1,067,955	225,013	828,140	1,956,910	688,478	4,843,333	9,352,844
Disposals	-	-	(27,684)	(348,994)	(84,699)	(302,211)	(641,068)	(1,404,656)	(4,021,989)
Balance, end 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
Accumulated amortization									
Balance, beginning of year	-	1,857,762	2,670,052	3,278,157	2,109,080	25,822,149	-	35,737,200	33,416,226
Amortization	-	165,212	177,342	440,751	233,969	2,334,715	-	3,351,989	3,141,162
Disposals	-	-	(25,663)	(342,757)	(77,011)	(186,623)	-	(632,054)	(820,188)
Balance, end of year	-	2,022,974	2,821,731	3,376,151	2,266,038	27,970,241	-	38,457,135	35,737,200
Net book value, end of year	9,403,892	2,933,501	5,967,643	3,648,672	3,490,963	37,265,434	733,004	63,443,109	62,724,367

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, 2012

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
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
Accumulated amortization								
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

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CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

SCHEDULE 3 CONSOLIDATED SCHEDULE OF SEGMENTED TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2011

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, beginning of year	9,147,116	4,564,460	555,109	95,616	63,229,062	8,304,121	4,304,786	90,200,270
Additions	805,125	42,214	-	-	6,673,926	905,773	290,585	8,717,623
Disposals	(21,775)	(8,337)	-	-	(1,049,685)	(37,414)	(24,709)	(1,141,920)
Assets in service, end of year	9,930,466	4,598,337	555,109	95,616	68,853,303	9,172,480	4,570,662	97,775,973
Work in progress	-	-	-	-	38,681	641,450	5,463	685,594
All assets, end of year	9,930,466	4,598,337	555,109	95,616	68,891,984	9,813,930	4,576,125	98,461,567
Accumulated amortization								
Balance, beginning of year	707,502	1,751,610	106,521	45,223	26,369,489	2,354,175	2,081,706	33,416,226
Amortization	58,038	203,347	12,410	13,660	2,511,178	184,703	157,826	3,141,162
Disposals	(16,334)	-	-	-	(745,916)	(33,229)	(24,709)	(820,188)
Balance, end of year	749,206	1,954,957	118,931	58,883	28,134,751	2,505,649	2,214,823	35,737,200
Net book value, end of year	9,181,260	2,643,380	436,178	36,733	40,757,233	7,308,281	2,361,302	62,724,367

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CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

SCHEDULE 4 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
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
	3,462,237	1,571,796	2,222,373	1,694,610	6,302,908	1,523,950	1,775,089	1,650,929	721,814	20,925,706
Expenses										
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
	3,788,326	1,444,929	2,240,000	1,475,481	6,914,912	1,364,558	1,686,184	1,651,749	-	20,566,139
Net revenues (expenses)	(326,089)	126,867	(17,627)	219,129	(612,004)	159,392	88,905	(820)	721,814	359,567
Other										
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)
	8,467	12,575	-	-	921,102	1,726,021	208,262	-	-	2,876,427
Annual surplus (deficit)	(317,622)	139,442	(17,627)	219,129	309,098	1,885,413	297,167	(820)	721,814	3,235,994

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, 2011

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Waste Management	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Net municipal taxation	3,252,129	1,453,143	1,680,987	1,030,051	5,314,967	-	1,137,314	-	(2,247,871)	11,620,720
Taxation from other governments	-	-	-	-	-	-	-	-	122,365	122,365
User charges	-	-	-	-	114,459	1,252,451	-	1,415,363	-	2,782,273
Federal and Ontario grants	-	-	-	25,193	140,706	25,000	38,086	-	1,887,800	2,116,785
Contribution from obligatory reserve funds	-	-	-	-	-	-	8,039	-	-	8,039
Investment	-	-	-	-	-	39,095	1,085	-	124,314	164,494
Other	42,932	78,347	342,785	535,386	356,215	70,303	544,917	2,110	421,171	2,394,166
	3,295,061	1,531,490	2,023,772	1,590,630	5,926,347	1,386,849	1,729,441	1,417,473	307,779	19,208,842
Expenses										
Salaries, wages and employee benefits	1,918,757	731,716	7,464	954,647	1,735,446	500,090	715,809	-	-	6,563,929
Interest on long-term liabilities	-	-	-	-	250,467	-	-	-	-	250,467
Materials and supplies	491,384	373,133	78,645	147,055	1,296,558	400,616	594,556	4,451	-	3,386,398
Contracted services	779,043	55,607	2,141,725	26,905	366,138	36,215	248,838	1,411,374	-	5,065,845
Rents, financial expenses and external transfers	134,319	-	-	268,419	-	-	5,600	-	-	408,338
Amortization	58,038	203,347	12,410	13,660	2,511,178	184,703	157,826	-	-	3,141,162
	3,381,541	1,363,803	2,240,244	1,410,686	6,159,787	1,121,624	1,722,629	1,415,825	-	18,816,139
Net revenues (expenses)	(86,480)	167,687	(216,472)	179,944	(233,440)	265,225	6,812	1,648	307,779	392,703
Other										
Grants and transfers related to capital										
Contributed tangible capital assets	709,600	-	-	-	238,945	272,035	-	-	-	1,220,580
Federal and Ontario grants	-	-	-	-	110,532	-	-	-	-	110,532
Contribution from obligatory reserve funds	-	6,013	-	-	634,795	-	20,882	-	-	661,690
Donations	-	-	-	-	-	-	102,830	-	-	102,830
Gain (loss) on disposal of tangible capital assets	39,943	-	-	-	(242,545)	585	986	-	-	(201,031)
	749,543	6,013	-	-	741,727	272,620	124,698	-	-	1,894,601
Annual surplus (deficit)	663,063	173,700	(216,472)	179,944	508,287	537,845	131,510	1,648	307,779	2,287,304

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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, 2012

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Waterworks Systems	Parks, Recreation and Library Services	Waste Management	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Net municipal taxation	3,285,225	1,486,263	1,903,049	1,013,427	5,684,168	-	1,114,887	-	(1,959,573)	12,527,446
Taxation from other governments	-	-	-	-	-	-	-	-	98,256	98,256
User charges	-	-	-	-	116,663	1,530,195	-	1,650,938	-	3,297,796
Federal and Ontario grants	7,000	-	-	16,000	150,000	25,000	30,702	-	1,941,400	2,170,102
Contribution from obligatory reserve funds	-	-	-	-	-	-	40,500	-	-	40,500
Investment	-	-	-	-	-	40,000	-	-	130,000	170,000
Other	37,850	63,600	362,788	517,504	247,652	61,350	542,461	4,200	463,000	2,300,405
	<u>3,330,075</u>	<u>1,549,863</u>	<u>2,265,837</u>	<u>1,546,931</u>	<u>6,198,483</u>	<u>1,656,545</u>	<u>1,728,550</u>	<u>1,655,138</u>	<u>673,083</u>	<u>20,604,505</u>
Expenses										
Salaries, wages and employee benefits	1,977,307	825,423	1,480	1,097,481	1,890,451	626,942	726,131	-	-	7,145,215
Interest on long-term liabilities	-	-	-	-	272,555	-	-	-	-	272,555
Materials and supplies	501,836	461,460	9,856	166,895	1,554,838	497,960	751,156	4,060	-	3,948,061
Contracted services	621,516	62,980	2,241,717	56,050	402,550	62,500	-	-	-	3,447,313
Rents, financial expenses and external transfers	136,700	-	-	223,505	-	-	264,007	1,648,944	-	2,273,156
Amortization	55,918	199,514	12,410	11,799	2,669,428	189,860	169,002	-	-	3,307,931
	<u>3,293,277</u>	<u>1,549,377</u>	<u>2,265,463</u>	<u>1,555,730</u>	<u>6,789,822</u>	<u>1,377,262</u>	<u>1,910,296</u>	<u>1,653,004</u>	<u>-</u>	<u>20,394,231</u>
Net revenues (expenses)	<u>36,798</u>	<u>486</u>	<u>374</u>	<u>(8,799)</u>	<u>(591,339)</u>	<u>279,283</u>	<u>(181,746)</u>	<u>2,134</u>	<u>673,083</u>	<u>210,274</u>
Other										
Grants and transfers related to capital										
Contributed tangible capital assets	-	-	-	-	225,000	-	-	-	-	225,000
Federal and Ontario grants	-	7,650	-	-	-	-	140,000	-	-	147,650
Contribution from obligatory reserve funds	-	258,000	-	-	868,032	-	257,000	-	-	1,383,032
Donations	-	-	-	-	-	-	3,500	-	-	3,500
	<u>-</u>	<u>265,650</u>	<u>-</u>	<u>-</u>	<u>1,093,032</u>	<u>-</u>	<u>400,500</u>	<u>-</u>	<u>-</u>	<u>1,759,182</u>
Annual surplus (deficit)	<u>36,798</u>	<u>266,136</u>	<u>374</u>	<u>(8,799)</u>	<u>501,693</u>	<u>279,283</u>	<u>218,754</u>	<u>2,134</u>	<u>673,083</u>	<u>1,969,456</u>

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