

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

COUNTY OF SIMCOE

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2018

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

DECEMBER 31, 2018

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CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL REPORT

The accompanying consolidated financial statements of the Township of Oro-Medonte (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval.

The consolidated financial statements have been audited by Baker Tilly SGB LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Chief Administrative Officer
August 14, 2019



Treasurer
August 14, 2019

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Township of Oro-Medonte ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2018, and its consolidated results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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 Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 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 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 the 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 Municipality'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 Municipality'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 Municipality 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.

Baker Tilly SQB LLP

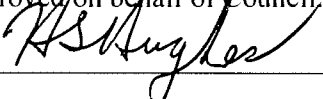
Licensed Public Accountants
Collingwood, Ontario
August 14, 2019

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents (Note 3)	16,540,034	12,276,295
Investments (Note 3)	4,430,213	4,338,410
Taxes receivable	4,914,220	4,193,496
Trade and other receivables	2,349,770	2,313,298
	28,234,237	23,121,499
Liabilities		
Accounts payable and accrued liabilities	7,270,623	4,552,387
Developer deposits and other current liabilities	4,298,246	4,366,225
Deferred revenue - obligatory reserve funds (Note 4)	4,193,461	3,718,484
Long-term (Note 5)	10,032,487	6,334,156
Employee future benefits (Note 9)	221,084	166,738
	26,015,901	19,137,990
Net financial assets	2,218,336	3,983,509
Non-financial assets		
Inventories	370,148	276,756
Prepaid expenses	267,388	359,635
Tangible capital assets, net (Schedule 1 and Note 10)	85,141,171	80,635,064
	85,778,707	81,271,455
Accumulated surplus (Note 12)	87,997,043	85,254,964

Approved on behalf of Council:



Mayor

August 14, 2019

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 2018	Actual 2018	Actual 2017
	\$ (Note 2)	\$	\$
Revenues			
Net municipal taxation (Note 13)	18,233,665	18,396,394	17,017,369
Taxation from other governments	144,325	163,285	144,372
User charges	2,215,267	2,503,821	1,937,879
Grants	1,383,786	1,374,107	1,366,944
Contribution from obligatory reserve funds (Note 4)	156,959	155,784	17,706
Investment	243,000	374,151	264,531
Other (Note 11)	3,220,314	3,533,430	3,542,724
	25,597,316	26,500,972	24,291,525
Expenses			
General government	4,625,261	4,660,156	4,061,150
Fire and emergency services	1,993,346	1,912,543	1,826,826
Police	2,856,241	2,862,348	2,809,761
Planning, building and protection	2,885,624	2,783,596	2,623,970
Transportation	8,539,754	9,022,484	8,108,383
Environmental Services	2,233,058	2,121,063	1,871,543
Parks and recreation	1,967,031	1,987,793	1,935,032
Library services	259,147	264,002	271,318
	25,359,462	25,613,985	23,507,983
Net revenues	237,854	886,987	783,542
Other			
Grants and transfers related to capital			
Contributed tangible capital assets	3,606,185	518,498	-
Grants	1,917,641	340,489	389,292
Contribution from obligatory reserve funds (Note 4)	1,928,988	1,013,320	1,279,350
Donations and other	33,250	168,436	124,577
Loss on disposal of tangible capital assets	-	(185,651)	-
	7,486,064	1,855,092	1,793,219
Annual surplus	7,723,918	2,742,079	2,576,761
Accumulated surplus, beginning of year	85,254,964	85,254,964	82,678,203
Accumulated surplus, end of year (Note 12)	92,978,882	87,997,043	85,254,964

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 2018	Actual 2018	Actual 2017
	\$ (Note 2)	\$	\$
Annual surplus	7,723,918	2,742,079	2,576,761
Acquisition of tangible capital assets	(12,641,721)	(8,421,978)	(6,349,215)
Amortization of tangible capital assets	4,295,364	4,244,733	4,071,874
Loss on disposal of tangible capital assets	-	185,651	-
Proceeds on disposal of tangible capital assets	-	3,985	-
Change in inventories	-	(93,392)	(172,767)
Change in prepaid expenses	-	92,247	(359,635)
Contributed tangible capital assets	(3,606,185)	(518,498)	-
Change in net financial assets	(4,228,624)	(1,765,173)	(232,982)
Net financial assets, beginning of year	3,983,509	3,983,509	4,216,491
Net financial assets, end of year	(245,115)	2,218,336	3,983,509

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

	2018	2017
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	2,742,079	2,576,761
Non-cash items:		
Amortization of tangible capital assets	4,244,733	4,071,874
Contributed tangible capital assets	(518,498)	-
Loss on disposal of tangible capital assets	185,651	-
Employee future benefits	54,346	(8,553)
	6,708,311	6,640,082
Changes in:		
Taxes receivable	(720,724)	(633,855)
Trade and other receivables	(114,472)	(216,833)
Inventories	(93,392)	(172,767)
Prepaid expenses	92,247	(359,635)
Accounts payable and accrued liabilities	2,490,387	1,387,142
Developer deposits and other current liabilities	(67,979)	185,907
	8,294,378	6,830,041
Capital activities		
Accounts payable and accrued liabilities - capital	227,849	151,492
Trade and other receivables - capital	78,000	17,349
Acquisition of tangible capital assets	(8,421,978)	(6,349,215)
Proceeds on disposal of tangible capital assets	3,985	-
	(8,112,144)	(6,180,374)
Investing activities		
Interest receivable upon maturity	(17,730)	(85,484)
Purchase of investments	(1,410,504)	(1,522,426)
Proceeds from matured investments	1,336,431	1,322,426
	(91,803)	(285,484)
Financing activities		
Issuance of long-term liabilities	5,000,000	1,100,000
Principal repayment of long-term liabilities	(1,301,669)	(1,405,133)
Increase in deferred revenue - obligatory reserve funds	474,977	880,840
	4,173,308	575,707
Net change in cash position	4,263,739	939,890
Cash and cash equivalents, beginning of year	12,276,295	11,336,405
Cash and cash equivalents, end of year	16,540,034	12,276,295

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, 2018

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 have been prepared by management of the Municipality in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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 of the assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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)	12%

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. See Note 14 for details.

(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 the 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 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.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

(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.

(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

One half of the annual amortization is charged 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 consolidated 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) 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 acquisition.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

(g) Government grants

Government grants are recognized in the consolidated financial statements as grants 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. Conditional government grants are recognized to the extent the conditions imposed on them have been fulfilled. Unconditional government grants are recognized when monies are receivable. Government grants for acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Grants are recognized as deferred revenue when transfer stipulations give rise to a liability. Grant revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

(h) Revenue recognition

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

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 consolidated 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 public sector accounting standards 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.

(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.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

(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 contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

(l) Other post-employment benefits

Employee future benefits other than pension provided by the Municipality include medical and dental 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 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.

(m) Taxation and related revenues

Municipal tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by the Municipal 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 Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related municipal taxes are subject to appeal. 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 allowance for anticipated uncollectible amounts.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

2. Budget amounts

The operating budget approved by Council for 2018 is reflected in the consolidated financial statements. The budgets established for 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 amounts. Budget figures are unaudited and have been reclassified for the purposes of these consolidated financial statements to comply with PSAB reporting requirements.

3. Cash, cash equivalents and investments

Cash, cash equivalents and investments consist of the following:

	2018	2017
	\$	\$
Cash and cash equivalents	16,540,034	12,276,295
Short-term investments	4,430,213	4,338,410
	20,970,247	16,614,705

The total is comprised of unrestricted and restricted amounts as follows:

	2018	2017
	\$	\$
Unrestricted	16,776,786	12,896,221
Restricted - obligatory reserve funds	4,193,461	3,718,484
	20,970,247	16,614,705

Cash and cash equivalents includes cash held in financial institutions. The 2018 balance includes three cashable term deposits with maturity dates between January 14, 2019 and February 25, 2019 and earning interest rates of 2.25% to 2.38% per annum.

Investments of \$4,430,213 (2017 - \$4,338,410) consist of cash and fixed income GICs maturing in 2019 to 2023 earning interest at 1.50% to 3.25% per annum. Investments are recorded at cost which approximates fair market value.

Restricted cash relates to obligatory reserve funds as described in Note 4.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

4. Deferred revenue - obligatory reserve funds

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and federal 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	Main Street Revitalization	Gas Tax Allocation	Building Code Act	Total
	\$	\$	\$	\$	\$	\$
Deferred revenue, beginning of year	2,319,956	247,316	-	152,874	998,338	3,718,484
Restricted funds received during the year	785,035	54,740	56,255	639,502	55,613	1,591,145
Interest earned	45,127	4,201	-	3,608	-	52,936
Revenue recognized during the year	(410,493)	(119,109)	-	(639,502)	-	(1,169,104)
Deferred revenue, end of year	2,739,625	187,148	56,255	156,482	1,053,951	4,193,461
				2018		2017
				\$		\$
Obligatory reserve funds:						
Development Charges Act				2,739,625		2,319,956
Recreational Land				187,148		247,316
Main Street Revitalization				56,255		-
Gas Tax Allocation				156,482		152,874
Building Code Act				1,053,951		998,338
				4,193,461		3,718,484

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

5. Long-term liabilities

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

	2018	2017
	\$	\$
OIPC debenture, interest of 2.81%, repayable in semi-annual payments of \$106,748 to 2021	610,137	802,426
OIPC debenture, interest of 3.46%, repayable in semi-annual payments of \$119,150 to 2020	456,678	673,533
OIPC debenture, interest of 3.66%, repayable in semi-annual payments of \$90,237 to 2019	175,638	345,020
OIPC debenture, interest at 4.30% repayable in semi-annual payments of \$99,273 to 2019	97,184	285,457
OIPC debenture, interest at 4.38%, repayable in semi-annual payments of \$30,519 to 2018	-	29,865
OIPC debenture, interest at 2.74%, repayable in semi-annual payments of \$158,131 to 2024	1,738,861	2,002,056
OIPC debenture, interest at 2.54%, repayable in semi-annual payments of \$59,458 to 2026	856,007	951,361
OIPC debenture, interest at 2.76%, repayable in semi-annual payments of \$63,315 to 2027	1,003,066	1,100,000
OIPC debenture, interest at 3.64%, repayable in semi-annual payments of \$177,058 to 2038	5,000,000	-
Daimler financing loan, interest at 4.70%, repayable in monthly payments of \$4,528 to 2020	94,916	144,438
	10,032,487	6,334,156

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

5. Long-term liabilities (continued)

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

	Principal	Interest	Total
	\$	\$	\$
2019	1,386,054	310,933	1,696,987
2020	1,141,643	271,471	1,413,114
2021	889,437	239,983	1,129,420
2022	700,646	215,277	915,923
2023	721,553	194,370	915,923
Thereafter	5,193,154	1,298,123	6,491,277
	10,032,487	2,530,157	12,562,644

The above long-term liabilities have been approved through by-laws. 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.

6. Commitments

The Municipality has leased various equipment for which the minimum annual lease payments for the next five years are as follows:

	\$
2019	184,421
2020	172,815
2021	136,359
2022	20,892
2023	19,803

7. 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 is known.

(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.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

8. Pension agreements

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 \$656,213 (2017 - \$640,142) 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. The most recent actuarial valuation of the Plan was conducted at December 31, 2018.

9. Employee future benefits

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, 2018 of \$221,084 (2017 - \$166,738) and the net periodic benefit cost were determined by management and extrapolated to 2043. Actuarial valuations will be prepared when there are significant changes to the workforce.

Information about the Municipality's employee future benefits is as follows:

	2018	2017
	\$	\$
Accrued plan liability, beginning of year	156,027	155,986
Interest costs and adjustments	44,339	(6,138)
Current service costs	15,308	11,355
Benefits paid for the period	(6,814)	(5,176)
	208,860	156,027
Proportionate share - Lake Simcoe Regional Airport	12,224	10,711
Accrued plan liability and accrued benefit obligation, end of year	221,084	166,738

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 2018 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 2018 and thereafter.

(c) Health care costs

Health care costs were assumed to increase at a rate of 5.0% in 2018 and thereafter.

(d) Dental costs

Dental costs were assumed to increase at a rate of 5.0% in 2018 and thereafter.

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

10. Tangible capital assets

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class, 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 \$5,027,851 (2017 - \$1,300,509) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$518,498 (2017 - \$NIL).

(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.

11. Other revenues

Other revenues consist of the following:

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
	(Note 2)		
Penalties and interest on taxation	548,000	597,204	526,871
Service charges and fees	483,150	434,203	437,530
Licences and permits	1,093,216	1,171,728	1,132,503
Fines	256,000	192,972	208,832
Facility rentals	539,221	565,338	551,413
Sundry revenue	300,727	571,985	685,575
	3,220,314	3,533,430	3,542,724

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

12. Accumulated surplus

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

	2018	2017
	\$	\$
Surplus		
Invested in tangible capital assets	75,114,086	74,320,909
General area taxation	315,622	31,503
Lake Simcoe Regional Airport Inc.	344,722	299,037
Community halls	(17,773)	(15,059)
Street lights	(7,177)	(46,366)
Unfunded employee future benefits	(221,084)	(166,738)
	75,528,396	74,423,286
Reserves set aside for specific purposes by Council		
Acquisition of specific assets	4,817,079	5,828,893
Working funds	1,767,067	1,391,965
Insurance	215,714	51,169
Water systems	5,585,714	3,487,839
Community halls	83,073	71,812
	12,468,647	10,831,678
	87,997,043	85,254,964

13. Net municipal taxation

Net municipal taxation consists of:

	2018	2017
	\$	\$
Taxation revenue	40,168,649	38,964,149
Amounts levied and remitted to School Boards	(9,297,951)	(9,492,777)
Amounts levied and remitted to County of Simcoe	(12,474,304)	(12,454,003)
	18,396,394	17,017,369

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

14. 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 consolidated financial statements using the proportionate consolidation method:

	Lake Simcoe Regional Airport
Financial assets	1,868,275
Liabilities	293,609
Net financial assets	1,574,666
Non-financial assets	19,094,198
Accumulated surplus	20,668,864
Employee future benefits	(61,119)
Invested in tangible capital assets	19,006,371
Unallocated	1,723,612
	20,668,864
Revenues	2,429,739
Expenses	2,790,876
Annual deficit	(361,137)

At the time that these consolidated financial statements were prepared, the December 31, 2018 Severn Sound Environmental Association (SSEA) financial statements had not yet been prepared. The Township of Oro-Medonte's pro-rata share of the accumulated deficit for 2018 could not be determined. The accumulated surplus at December 31, 2017 was \$9,423. The Township of Oro-Medonte's pro-rata share was \$1,094 at the end of 2017.

15. Subsequent event

On July 17, 2019, Council of the Township of Oro-Medonte agreed to sell its 20% ownership in the Lake Simcoe Regional Airport. The expected sale price is approximately \$1.48 million, with the potential loss on disposal expected to be approximately \$2.65 million. At the time that these consolidated financial statements were prepared, the exact financial impact of the sale is not determinable. The financial impact will be recorded in the same year the sale occurs.

16. Comparative figures

Certain comparative figures 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	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	10,343,233	5,196,402	14,485,936	9,814,817	9,578,600	83,721,241	1,300,509	134,440,738	128,121,338
Additions	-	32,648	634,652	796,587	826,505	2,922,742	4,601,982	9,815,116	6,935,016
Disposals	-	-	(52,645)	(1,800)	(182,656)	(337,479)	(874,640)	(1,449,220)	(615,616)
Balance, end of year	10,343,233	5,229,050	15,067,943	10,609,604	10,222,449	86,306,504	5,027,851	142,806,634	134,440,738
Accumulated amortization									
Balance, beginning of year	-	2,745,268	4,136,809	4,767,062	3,537,491	38,619,044	-	53,805,674	49,763,615
Amortization	-	143,531	344,628	614,298	416,531	2,725,745	-	4,244,733	4,071,874
Disposals	-	-	(39,311)	(630)	(159,855)	(185,148)	-	(384,944)	(29,815)
Balance, end of year	-	2,888,799	4,442,126	5,380,730	3,794,167	41,159,641	-	57,665,463	53,805,674
Net book value, end of year	10,343,233	2,340,251	10,625,817	5,228,874	6,428,282	45,146,863	5,027,851	85,141,171	80,635,064

The accompanying notes are an integral part of
this financial statement

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

SCHEDULE 2 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Environmental Services	Parks, Recreation and Library Services	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Net municipal taxation	4,480,440	1,683,111	2,594,121	1,393,122	6,633,196	-	1,280,180	332,224	18,396,394
Taxation from other governments	-	-	-	-	-	-	-	163,285	163,285
User charges	-	-	-	-	-	2,491,186	12,635	-	2,503,821
Grants	12,500	-	3,973	17,346	12,012	-	61,376	1,266,900	1,374,107
Contribution from obligatory reserve funds	-	-	-	129,534	26,250	-	-	-	155,784
Investment	-	-	-	-	-	34,991	-	339,160	374,151
Other	163,581	61,381	185,209	1,384,781	476,852	117,396	572,837	571,393	3,533,430
	4,656,521	1,744,492	2,783,303	2,924,783	7,148,310	2,643,573	1,927,028	2,672,962	26,500,972
Expenses									
Salaries, wages and employee benefits	2,554,966	1,002,207	34	1,979,623	2,589,855	940,696	899,876	-	9,967,257
Interest on long-term liabilities	-	-	-	-	117,928	-	51,438	-	169,366
Materials and supplies	600,740	557,890	10,338	221,817	2,481,226	725,983	697,143	-	5,295,137
Contracted services	1,263,229	86,836	2,849,740	266,843	700,416	67,252	264,002	-	5,498,318
Rents, financial expenses and external transfers	134,877	-	-	294,636	9,661	-	-	-	439,174
Amortization	106,344	265,610	2,236	20,677	3,123,398	387,132	339,336	-	4,244,733
	4,660,156	1,912,543	2,862,348	2,783,596	9,022,484	2,121,063	2,251,795	-	25,613,985
Net revenues (expenses)	(3,635)	(168,051)	(79,045)	141,187	(1,874,174)	522,510	(324,767)	2,672,962	886,987
Other									
Grants and transfers related to capital									
Contributed tangible capital assets	-	-	-	-	317,738	200,760	-	-	518,498
Grants	-	-	-	-	162,425	178,064	-	-	340,489
Contribution from obligatory reserve funds	-	19,047	-	-	792,488	-	201,785	-	1,013,320
Donations and other	-	-	-	-	-	119,386	49,050	-	168,436
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	(185,651)	(185,651)
	-	19,047	-	-	1,272,651	498,210	250,835	(185,651)	1,855,092
Annual surplus (deficit)	(3,635)	(149,004)	(79,045)	141,187	(601,523)	1,020,720	(73,932)	2,487,311	2,742,079

The accompanying notes are an integral part of
this financial statement

CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE

SCHEDULE 3 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Fire and Emergency Services	Police	Planning, Building and Protection	Transportation	Environmental Services	Parks, Recreation and Library Services	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Net municipal taxation	3,988,341	1,608,519	2,491,629	1,208,869	5,869,900	-	1,252,988	597,123	17,017,369
Taxation from other governments	-	-	-	-	-	-	-	144,372	144,372
User charges	-	-	-	-	132,810	1,792,155	12,914	-	1,937,879
Grants	3,059	-	14,884	9,187	-	-	55,614	1,284,200	1,366,944
Contribution from obligatory reserve funds	-	-	-	7,530	10,176	-	-	-	17,706
Investment	-	-	-	-	-	24,989	-	239,542	264,531
Other	148,723	83,512	180,798	1,391,483	359,437	317,156	552,700	508,915	3,542,724
	4,140,123	1,692,031	2,687,311	2,617,069	6,372,323	2,134,300	1,874,216	2,774,152	24,291,525
Expenses									
Salaries, wages and employee benefits	2,202,989	977,366	674	1,814,764	2,497,927	807,521	901,092	-	9,202,333
Interest on long-term liabilities	-	-	-	-	127,609	-	53,489	-	181,098
Materials and supplies	472,650	531,577	5,441	193,572	1,692,281	615,988	653,696	-	4,165,205
Contracted services	1,144,440	77,801	2,801,411	326,408	676,644	68,080	257,241	-	5,352,025
Rents, financial expenses and external transfers	143,743	-	-	268,549	117,616	-	5,540	-	535,448
Amortization	97,328	240,082	2,235	20,677	2,996,306	379,954	335,292	-	4,071,874
	4,061,150	1,826,826	2,809,761	2,623,970	8,108,383	1,871,543	2,206,350	-	23,507,983
Net revenues (expenses)	78,973	(134,795)	(122,450)	(6,901)	(1,736,060)	262,757	(332,134)	2,774,152	783,542
Other									
Grants and transfers related to capital									
Grants	-	-	-	-	170,581	110,711	108,000	-	389,292
Contribution from obligatory reserve funds	-	-	-	-	1,279,350	-	-	-	1,279,350
Donations	-	-	-	-	-	124,577	-	-	124,577
	-	-	-	-	1,449,931	235,288	108,000	-	1,793,219
Annual surplus (deficit)	78,973	(134,795)	(122,450)	(6,901)	(286,129)	498,045	(224,134)	2,774,152	2,576,761

The accompanying notes are an integral part of
this financial statement