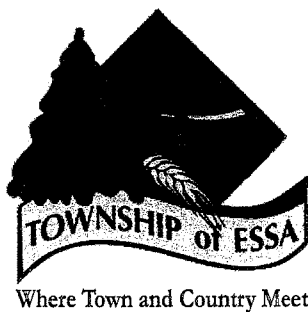


**CORPORATION OF THE TOWNSHIP OF ESSA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**CORPORATION OF THE TOWNSHIP OF ESSA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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## CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2018

### MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Essa are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of the Corporation of the Township of Essa. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Mayor

Date

October 2, 2019

Treasurer

Date

October 2, 2019

Baker Tilly KDN LLP  
272 Charlotte St.  
Peterborough, ON  
Canada K9J 2V4

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Essa**

T: (705) 742-3418  
F: (705) 742-9775

[www.bakertilly.ca](http://www.bakertilly.ca)

### *Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Essa and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 Township 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.

### *Other Matter*

The financial statements of the Township as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

ASSURANCE • TAX • ADVISORY

*Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

*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 consolidated 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 Township'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 Township'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 Township 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
October 16, 2019

# CORPORATION OF THE TOWNSHIP OF ESSA



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2018

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Cash	33,892,850	35,597,449
Taxes receivable	2,137,569	2,153,349
Accounts receivable	2,065,143	1,506,035
<b>TOTAL FINANCIAL ASSETS</b>	<b>38,095,562</b>	<b>39,256,833</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	5,083,077	6,179,925
Accounts payable - developers	645,000	645,000
Deferred revenue - obligatory reserve fund (note 3)	21,481,627	20,742,200
Deferred revenue - other	132,102	182,684
Long term debt (note 4)	4,344,078	4,979,934
Employee future benefits payable (note 2)	750,665	774,420
<b>TOTAL LIABILITIES</b>	<b>32,436,549</b>	<b>33,504,163</b>
<b>NET FINANCIAL ASSETS</b>	<b>5,659,013</b>	<b>5,752,670</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	119,485,947	119,892,772
Prepaid expenses	7,930	15,096
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>119,493,877</b>	<b>119,907,868</b>
<b>ACCUMULATED SURPLUS (note 6)</b>	<b>125,152,890</b>	<b>125,660,538</b>

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE TOWNSHIP OF ESSA



## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Property taxation	9,506,036	9,788,677	9,723,131
User charges	4,169,205	4,970,592	4,848,135
Government of Canada	18,375	9,477	36,992
Province of Ontario	1,705,288	1,506,299	1,352,861
Other municipalities	171,000	164,957	232,735
Penalties and interest on taxes	275,000	270,348	276,738
Investment income	55,350	278,634	147,448
Donations	5,000	14,639	19,869
Contributed capital assets	-	-	4,281,328
Development charges earned	2,765,912	542,597	1,484,905
Federal gas tax earned	350,800	-	398,070
Willoughby road and bridge charges earned	-	-	12,621
<b>TOTAL REVENUES</b>	<b>19,021,966</b>	<b>17,546,220</b>	<b>22,814,833</b>
<b>EXPENSES</b>			
General government	1,499,578	1,435,390	1,522,369
Protection services	4,666,174	4,718,417	4,458,361
Transportation services	4,406,806	4,914,657	4,626,259
Environmental services	3,358,581	3,883,975	3,614,304
Recreation and cultural services	2,669,553	2,692,080	2,654,260
Planning and development	578,401	409,349	399,464
<b>TOTAL EXPENSES</b>	<b>17,179,093</b>	<b>18,053,868</b>	<b>17,275,017</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>1,842,873</u></b>	<b>(507,648)</b>	<b>5,539,816</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>125,660,538</b>	<b>120,120,722</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>125,152,890</b>	<b>125,660,538</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF ESSA



## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	1,842,873	(507,648)	5,539,816
Amortization of tangible capital assets	4,022,229	4,049,724	4,022,229
Purchase of tangible capital assets	(6,239,021)	(3,801,105)	(3,169,717)
Gain on disposal of tangible capital assets	-	(313,977)	(16,455)
Proceeds on sale of tangible capital assets	465,000	472,183	48,970
Contributed capital assets	-	-	(4,281,328)
Change in prepaid expenses	-	7,166	(9,993)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	91,081	(93,657)	2,133,522
<b>NET FINANCIAL ASSETS - beginning of year</b>	5,752,670	5,752,670	3,619,148
<b>NET FINANCIAL ASSETS - end of year</b>	5,843,751	5,659,013	5,752,670

*The accompanying notes are an integral part of these financial statements*



**CORPORATION OF THE TOWNSHIP OF ESSA****CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2018**

	2018 \$	2017 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(507,648)	5,539,816
Items not involving cash		
Amortization of tangible capital assets	4,049,724	4,022,229
Gain on disposal of tangible capital assets	(313,977)	(16,455)
Contributed capital assets	-	(4,281,328)
Change in employee future benefits payable	(23,755)	70,572
Change in non-cash assets and liabilities		
Taxes receivable	15,780	21,716
Accounts receivable	(559,108)	(164,537)
Prepaid expenses	7,166	(9,993)
Accounts payable and accrued liabilities	(1,096,848)	445,374
Accounts payable - developers	-	645,000
Deferred revenue - obligatory reserve fund	739,427	2,412,165
Deferred revenue - other	(50,582)	(26,563)
Net change in cash from operating activities	2,260,179	8,657,996
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(3,801,105)	(3,169,717)
Proceeds on disposal of tangible capital assets	472,183	48,970
Net change in cash from capital activities	(3,328,922)	(3,120,747)
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(635,856)	(615,888)
<b>NET CHANGE IN CASH</b>	(1,704,599)	4,921,361
<b>CASH - beginning of year</b>	35,597,449	30,676,088
<b>CASH - end of year</b>	33,892,850	35,597,449

*The accompanying notes are an integral part of these financial statements*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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The Township of Essa is a lower tier municipality in the 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. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Essa Public Library Board
- Angus Business Improvement Area Board

All interfund assets and liabilities and revenues and expenses are eliminated.

#### (b) 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, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 to 30 years
Buildings	25 to 60 years
Equipment	5 to 50 years
Vehicles	10 to 25 years
Roads and bridges	7 to 75 years
Water and sanitary sewer systems	20 to 80 years
Storm sewers	20 to 80 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized until they are put into service.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

---

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(c) Recognition of Revenues and Expenses**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

**Property taxation**

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

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

**Government funding**

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

**Other Revenue**

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Development charges and Federal Gas Tax are recognized in the period in which the related expenditures are recorded.

**(d) Non-Financial Assets**

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(f) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(g) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
- The values of employee future benefit obligations and the amount of employee future benefits charged to earnings depend on certain economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

**2. EMPLOYEE FUTURE AMOUNTS PAYABLE**

The Township provides certain employee benefits which will require funding in future periods as follows:

	2018	2017
	\$	\$
Extended health care benefits	556,134	598,064
Vacation pay entitlement	194,531	176,356
	<b>750,665</b>	<b>774,420</b>

# CORPORATION OF THE TOWNSHIP OF ESSA



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

### 3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2018	2017
	\$	\$
Development charges	19,859,360	19,746,559
Parkland	413,702	390,397
Willoughby road and bridge charges	51	50
Federal gas tax	1,208,514	605,194
	21,481,627	20,742,200

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	20,742,200	18,330,035
Add amounts received:		
Development charges received	296,242	3,465,019
Federal gas tax received	589,402	572,571
Parkland fees	16,000	43,600
Interest	380,380	220,181
Proceeds on sale of equipment	-	6,390
	1,282,024	4,307,761
Less transfer to operations:		
Development charges earned	542,597	1,484,905
Federal gas tax earned	-	398,070
Willoughby road and bridge charges earned	-	12,621
	542,597	1,895,596
Balance - end of year	21,481,627	20,742,200

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**4. LONG TERM DEBT**

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2018 \$	2017 \$
Ontario Municipal Economic Infrastructure Financing Authority Debenture, matures December 2, 2019, repayable in blended semiannual payments of \$167,252, bears interest at 2.62% per annum. Borrowed for water systems.	328,044	647,660
Ontario Strategic Infrastructure Financing Authority Debenture, matures February 2, 2031, repayable in blended semiannual payments of \$173,452, bears interest at 4.78% per annum. Borrowed for sanitary sewer systems.	3,236,349	3,421,881
Ontario Infrastructure Projects Corporation Debenture, matures May 1, 2024, repayable in blended semiannual payments of \$76,284, bears interest at 2.49% per annum. Borrowed for water systems.	779,685	910,393
	<b>4,344,078</b>	<b>4,979,934</b>

- (b) The long term debt in (a) issued in the name of the Township 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. The long term debt principal and interest payments for water systems will be recovered from a combination of water user charges and water development charges. The long term debt principal and interest payments for sanitary sewer systems will be recovered from sewer development charges.
- (c) Interest paid during the year on long term debt amounted to \$198,124 (2017 - \$218,091).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2019	656,534	177,446	833,980
2020	341,255	158,220	499,475
2021	354,559	144,916	499,475
2022	368,427	131,048	499,475
2023	382,884	116,591	499,475
2024 to 2028	1,432,026	378,792	1,810,818
2029 and subsequent years	808,393	58,874	867,267
	<b>4,344,078</b>	<b>1,165,887</b>	<b>5,509,965</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**5. TANGIBLE CAPITAL ASSETS**

The net book value of the Township's tangible capital assets are:

	2018 \$	2017 \$
General		
Land	19,091,791	19,129,033
Land improvements	2,808,639	2,953,144
Buildings	14,585,112	15,339,992
Equipment	10,953,979	11,571,247
Vehicles	2,890,182	3,207,951
Infrastructure		
Roads and bridges	29,739,555	31,293,244
Water and sanitary sewer systems	24,745,610	25,143,485
Storm sewers	9,117,224	9,344,571
	113,932,092	117,982,667
Assets under construction	5,553,855	1,910,105
	119,485,947	119,892,772

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

Land is further broken down between general capital assets \$5,929,977 (2017 - \$5,967,219) and infrastructure (linear) assets \$13,161,814 (2017 - \$13,161,814).

Land improvements is further broken down between general capital assets \$1,617,123 (2017 - \$1,729,645) and infrastructure (linear) assets \$1,191,516 (2017 - \$1,223,499).

	2018 \$	2017 \$
General government	1,312,922	1,344,265
Protection services	2,457,755	2,576,704
Transportation services	45,664,916	46,356,015
Environmental services	56,199,292	55,514,325
Recreation and cultural services	13,851,062	14,101,463
	119,485,947	119,892,772

# CORPORATION OF THE TOWNSHIP OF ESSA



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

### 6. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2018	2017
	\$	\$
<b>Surplus/(Deficit)</b>		
Township	-	2,173,413
Waterworks	-	635,570
Unfunded employee future benefits	(750,665)	(774,420)
Erosion control works - see (b) below	-	(452,576)
	(750,665)	1,581,987
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	119,485,947	119,892,772
Long term debt	(4,344,078)	(4,979,934)
	115,141,869	114,912,838
<b>Surplus</b>	114,391,204	116,494,825
<b>Reserves</b>		
Working funds	1,673,321	1,673,321
Contingencies	37,372	37,372
Acquisition of capital assets	1,263,220	1,321,170
Operations	109,903	109,903
Water and sewer - see (b) below	4,321,687	4,762,316
Future enforcement of Building Code Act - see (c) below	1,030,837	1,076,113
Special projects	2,131,164	-
<b>Total Reserves</b>	10,567,504	8,980,195
<b>Reserve Funds</b>		
Water and sewer services	157,418	154,605
Angus Business Improvement Area	36,764	30,913
<b>Total Reserve Funds</b>	194,182	185,518
	125,152,890	125,660,538

(b) In 2015, the Township approved a transfer of \$2,073,400 from the reserve for water and sewer infrastructure to fund the erosion control on the Nottawasaga River through by-law 2015-34. The by-law provides that this amount will be repaid over 15 years plus interest at the prevailing reserve interest rate which was 1.25% at the time of the by-law, and be funded from taxation. The deficit from erosion control works was funded from the Township accumulated surplus in 2018. In relation to the reserve loan of \$2,073,400, the Township contributed \$138,227 in loan principal and \$22,462 in interest to the water and sewer reserve in 2018.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**6. ACCUMULATED SURPLUS, continued**

- (c) This reserve represents the building department accumulated surplus to be used to fund enforcement of the Building Code Act and future inspections relating to building permits issued.

**7. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE**

During 2018, requisitions were made by the County of Simcoe and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	7,443,790	5,679,281
Taxation from other governments	1,010,729	2,378,316
	8,454,519	8,057,597
Amounts requisitioned and remitted	8,454,519	8,057,597

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

**8. PENSION AGREEMENTS**

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2018 were \$258,038 (2017 - \$259,500).

**9. COMMITMENT**

The Township along with two neighbouring municipalities negotiated a joint policing contract with the Minister of Community Safety and Correctional Services for the provision of police services by the Ontario Provincial Police (OPP), effective July 1, 2015 to June 30, 2020. The Township's cost for policing is based on a per capita amount plus a per call charge. The 2018 Township OPP costs were \$2,907,621 (2017- \$2,793,075). The remaining costs under this contract are expected to decrease until June 30, 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**
**10. EXPENSES BY OBJECT**

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	4,483,014	4,829,074	4,476,373
Interest charges	220,648	198,124	218,091
Materials	3,495,205	4,555,708	3,939,942
Contracted services	4,764,349	4,531,746	4,445,183
Rents and financial	18,850	29,251	24,835
External transfers	174,798	174,218	164,819
Amortization	4,022,229	4,049,724	4,022,229
Loss (gain) on disposal of tangible capital assets	-	(313,977)	(16,455)
	17,179,093	18,053,868	17,275,017

**11. BUDGET FIGURES**

The budget, approved by the Township, for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget 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 current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**12. CREDIT FACILITY AGREEMENT**

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. Council authorized the temporary borrowing limit by By-law 2018-07. At December 31, 2018 there was no balance outstanding (2017 - \$Nil).

**13. CONTINGENT LIABILITIES**

The Township, in the course of its operations, has been named in several lawsuits, the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

### 14. SEGMENTED INFORMATION

The Township of Essa is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

#### **General Government**

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

#### **Protection Services**

Protection services include police, fire, conservation authority and protective inspection and control.

#### **Transportation Services**

The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control and street lighting.

#### **Water and Sanitary Sewer Systems**

This function is responsible for providing water and sanitary sewer services to certain areas of the Township.

This function includes storm sewer systems and related facilities; the County of Simcoe provides waste disposal and recycling services.

#### **Recreation and Cultural Services**

The recreation and cultural services function provides parks, indoor and outdoor recreational facilities and programs and library services.

#### **Planning and Development**

The planning and development services function manages commercial, industrial and residential development within the Township.

**15. CHANGES IN ACCOUNTING POLICIES**

The Township has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Township having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Township's consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF ESSA

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2018



	General				Infrastructure			
	Land \$	Land improvements \$	Buildings \$	Equipment \$	Vehicles \$	Roads and bridges \$	Water and sanitary sewer systems \$	Storm sewers \$
<b>COST</b>								
Balance, beginning of year	19,129,033	4,199,125	27,040,172	22,160,214	6,146,612	65,076,699	31,323,047	12,291,606
Add: additions during the year	-	-	-	157,355	-	-	-	-
Less: disposals during the year	37,242	10,203	325,299	172,304	35,928	85,246	-	-
Balance, end of year	19,091,791	4,188,922	26,714,873	22,145,265	6,110,684	64,991,453	31,323,047	12,291,606
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	1,245,981	11,700,180	10,588,967	2,938,661	33,783,455	6,179,562	2,947,035
Add: additions during the year	-	136,855	647,512	774,623	315,973	1,549,539	397,875	227,347
Less: disposals during the year	-	2,553	217,931	172,304	34,132	81,096	-	-
Balance, end of year	-	1,380,283	12,129,761	11,191,286	3,220,502	35,251,898	6,577,437	3,174,382
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	19,091,791	2,808,639	14,585,112	10,953,979	2,890,182	29,739,555	24,745,610	9,117,224
						5,553,855		119,485,947

# CORPORATION OF THE TOWNSHIP OF ESSA

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2018



	General Government \$	Protection Services \$	Transportation Services \$	Water and Sanitary Sewer Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>							
Property taxation	-	4,432,624	3,147,897	-	1,668,355	539,801	9,788,677
User charges	140,959	371,126	241,203	3,408,142	751,450	57,712	4,970,592
Government transfers - operating	1,052,979	4,074	-	-	33,089	631	1,090,773
Government transfers - capital	-	-	371,824	27,553	25,626	-	425,003
Other municipalities	-	164,957	-	-	-	-	164,957
Penalties and interest on taxes	270,348	-	-	-	-	-	270,348
Investment income	254,153	-	-	23,946	-	535	278,634
Donations	8,634	1,600	-	-	4,405	-	14,639
Development charges earned	-	-	-	465,562	77,035	-	542,597
<b>Total revenues</b>	<b>1,727,073</b>	<b>4,974,381</b>	<b>3,760,924</b>	<b>3,925,203</b>	<b>2,559,960</b>	<b>598,679</b>	<b>17,546,220</b>
<b>Expenses</b>							
Salaries and benefits	865,624	997,831	1,142,354	180,481	1,390,518	252,266	4,829,074
Interest charges	-	-	-	198,124	-	-	198,124
Materials	327,112	396,857	1,692,050	1,153,437	906,799	79,453	4,555,708
Contracted services	172,531	2,958,754	161,619	985,250	175,962	77,630	4,531,746
Rents and financial	26,361	-	-	1,538	1,352	-	29,251
External transfers	14,420	159,798	-	-	-	-	174,218
Amortization	31,342	205,177	1,914,483	1,365,145	533,577	-	4,049,724
Loss (gain) on disposal of tangible capital assets	(2,000)	-	4,151	-	(316,128)	-	(313,977)
<b>Total expenses</b>	<b>1,435,390</b>	<b>4,718,417</b>	<b>4,914,657</b>	<b>3,883,975</b>	<b>2,692,080</b>	<b>409,349</b>	<b>18,053,868</b>
<b>Net surplus/(deficit)</b>	<b>291,683</b>	<b>255,964</b>	<b>(1,153,733)</b>	<b>41,228</b>	<b>(132,120)</b>	<b>189,330</b>	<b>(507,648)</b>

# CORPORATION OF THE TOWNSHIP OF ESSA

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2017



	General Government \$	Protection Services \$	Transportation Services \$	Water and Sanitary Sewer Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>							
Property taxation	434,275	3,944,054	3,355,383	44,240	1,378,479	566,700	9,723,131
User charges	75,032	665,810	299,137	2,984,132	705,867	118,157	4,848,135
Government transfers - operating	1,033,562	-	-	-	51,616	1,775	1,086,953
Government transfers - capital	-	-	236,593	-	66,307	-	302,900
Other municipalities	-	232,735	-	-	-	-	232,735
Penalties and interest on taxes	276,738	-	-	-	-	-	276,738
Investment income	147,448	-	-	-	-	-	147,448
Donations	-	5,546	-	-	14,323	-	19,869
Contributed capital assets	-	-	2,972,353	1,261,385	47,590	-	4,281,328
Development charges earned	-	-	330,000	931,125	223,780	-	1,484,905
Federal gas tax earned	-	-	398,070	-	-	-	398,070
Willoughby road and bridge charges earned	-	-	12,621	-	-	-	12,621
<b>Total revenues</b>	<b>1,967,055</b>	<b>4,848,145</b>	<b>7,604,157</b>	<b>5,220,882</b>	<b>2,487,962</b>	<b>686,632</b>	<b>22,814,833</b>
<b>Expenses</b>							
Salaries and benefits	1,013,017	904,956	957,498	176,522	1,174,245	250,135	4,476,373
Interest charges	-	-	-	218,091	-	-	218,091
Materials	346,118	340,723	1,528,645	882,173	776,378	65,905	3,939,942
Contracted services	124,720	2,851,898	242,208	972,079	170,854	83,424	4,445,183
Rents and financial	18,290	-	-	6,002	543	-	24,835
External transfers	13,640	151,179	-	-	-	-	164,819
Amortization	29,151	209,605	1,897,908	1,359,437	526,128	-	4,022,229
Loss (gain) on disposal of tangible capital assets	(22,567)	-	-	-	6,112	-	(16,455)
<b>Total expenses</b>	<b>1,522,369</b>	<b>4,458,361</b>	<b>4,626,259</b>	<b>3,614,304</b>	<b>2,654,260</b>	<b>399,464</b>	<b>17,275,017</b>
<b>Net surplus/(deficit)</b>	<b>444,686</b>	<b>389,784</b>	<b>2,977,898</b>	<b>1,606,578</b>	<b>(166,298)</b>	<b>287,168</b>	<b>5,539,816</b>

**CORPORATION OF THE TOWNSHIP OF ESSA**  
**ESSA PUBLIC LIBRARY BOARD**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**



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## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of the Essa Public Library Board, the  
Members of Council, Inhabitants and Ratepayers of the  
Corporation of the Township of Essa**

### *Qualified Opinion*

We have audited the financial statements of the Essa Public Library Board of the Corporation of the Township of Essa (the Board), which comprise the statement of financial position as at December 31, 2018, the statements of operations and accumulated surplus, change in net financial assets (liabilities) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Qualified Opinion*

In common with many Public Library Boards, the Board derives revenue from user fees, fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to user fees, fundraising and donations revenue, annual surplus/(deficit), assets and accumulated surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### *Other Matter*

The financial statements of the Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

ASSURANCE • TAX • ADVISORY

*Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
October 16, 2019

**CORPORATION OF THE TOWNSHIP OF ESSA****ESSA PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Cash	26,113	524
Accounts receivable	227	-
Due from Township	-	12,156
<b>TOTAL FINANCIAL ASSETS</b>	<b>26,340</b>	<b>12,680</b>
<b>LIABILITIES</b>		
Accounts payable	2,500	2,500
Due to Township	18,266	-
Deferred revenue (note 5)	-	18,221
<b>TOTAL LIABILITIES</b>	<b>20,766</b>	<b>20,721</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<b>5,574</b>	<b>(8,041)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	576,142	589,241
Prepaid expenses	5,564	11,694
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>581,706</b>	<b>600,935</b>
<b>ACCUMULATED SURPLUS (note 3)</b>	<b>587,280</b>	<b>592,894</b>

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE TOWNSHIP OF ESSA



## ESSA PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Contribution from Township	652,841	656,879	619,871
Province of Ontario	29,781	26,147	26,147
Government of Canada	8,375	6,942	17,329
User fees, fundraising and donations	33,850	57,641	60,591
<b>TOTAL REVENUES</b>	<b>724,847</b>	<b>747,609</b>	<b>723,938</b>
<b>EXPENSES</b>			
Salaries and benefits	502,862	498,656	487,554
Utilities	25,420	26,573	27,168
Subscriptions and periodicals	1,740	2,543	610
Insurance and audit	6,000	6,967	7,173
Computer support and supplies	18,100	18,177	17,567
Facility costs	45,050	49,609	45,049
Office	4,750	13,252	6,178
Fundraising costs	1,000	2,245	1,724
Amortization	92,144	112,070	92,144
Other operating costs	20,525	19,675	17,928
Loss on disposal of tangible capital assets	-	-	6,112
Contract services	2,900	3,456	2,316
<b>TOTAL EXPENSES</b>	<b>720,491</b>	<b>753,223</b>	<b>711,523</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>4,356</u></b>	<b>(5,614)</b>	<b>12,415</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>592,894</b>	<b>580,479</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>587,280</b>	<b>592,894</b>

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE TOWNSHIP OF ESSA



## ESSA PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES) For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	4,356	(5,614)	12,415
Amortization of tangible capital assets	92,144	112,070	92,144
Acquisition of tangible capital assets	(96,500)	(98,971)	(107,018)
Loss on disposal of tangible capital assets	-	-	6,112
Change in prepaid expenses	-	6,130	(10,021)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS (LIABILITIES)</b>	-	13,615	(6,368)
<b>NET FINANCIAL LIABILITIES - beginning of year</b>	(8,041)	(8,041)	(1,673)
<b>NET FINANCIAL ASSETS (LIABILITIES) - end of year</b>	(8,041)	5,574	(8,041)

*The accompanying notes are an integral part of these financial statements*

**CORPORATION OF THE TOWNSHIP OF ESSA****ESSA PUBLIC LIBRARY BOARD  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(5,614)	12,415
Items not involving cash		
Amortization of tangible capital assets	112,070	92,144
Loss on disposal of tangible capital assets	-	6,112
Change in non-cash assets and liabilities		
Accounts receivable	(227)	28,295
Due from Township	12,156	(12,156)
Prepaid expenses	6,130	(10,021)
Accounts payable	-	(1,000)
Due to Township	18,266	(15,177)
Deferred revenue	(18,221)	3,221
Net change in cash from operating activities	124,560	103,833
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(98,971)	(107,018)
<b>NET CHANGE IN CASH</b>	25,589	(3,185)
<b>CASH - beginning of year</b>	524	3,709
<b>CASH - end of year</b>	26,113	524

*The accompanying notes are an integral part of these financial statements*

## ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

#### (a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

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

User fees are recognized as revenue in the year the goods and services are provided.

Donations and fundraising revenue are recognized when the amounts are received.

Contributions from the Township of Essa are recognized as approved by the Township.

#### (b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

#### (c) 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, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Furniture and equipment	5 to 40 years
Books	7 to 10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

#### (d) Deferred Revenue

Deferred revenue represents grants which have been collected but for which the related costs have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the expenditures are incurred.

**ESSA PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(f) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(g) Inter-Entity Transactions

The Essa Public Library Board is a Board of the Township of Essa and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

**2. TANGIBLE CAPITAL ASSETS**

The net book value of the Board's tangible capital assets are:

	Furniture and equipment \$	Books \$	2018 Totals \$	2017 Totals \$
<b>COST</b>				
Balance, beginning of year	339,823	675,948	1,015,771	995,425
Add: additions during the year	14,243	84,728	98,971	107,018
Less: disposals during the year	8,207	125,872	134,079	86,672
Balance, end of year	345,859	634,804	980,663	1,015,771
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	142,416	284,114	426,530	414,946
Add: additions during the year	8,207	103,863	112,070	92,144
Less: disposals during the year	8,207	125,872	134,079	80,560
Balance, end of year	142,416	262,105	404,521	426,530
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>203,443</b>	<b>372,699</b>	<b>576,142</b>	<b>589,241</b>



**ESSA PUBLIC LIBRARY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

**3. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2018 \$	2017 \$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	576,142	589,241
<b>Surplus</b>	576,142	589,241
<b>Reserves</b>		
Angus branch	3,653	3,653
Sell the Shelf	7,485	-
<b>Total Reserves</b>	11,138	3,653
	587,280	592,894

**4. BUDGET FIGURES**

The operating budget, approved by the Board, for 2018 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets (Liabilities). 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 current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**5. DEFERRED REVENUE**

Included in deferred revenue are the following amounts:

	2018 \$	2017 \$
Friends of the Environment grant	-	11,000
SPI grant	-	3,587
Digital services grant	-	3,634
	-	18,221

**ESSA PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**6. CHANGES IN ACCOUNTING POLICIES**

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 7.

**7. INTER-ENTITY TRANSACTIONS**

During the year, the Board entered into transactions with the Township of Essa.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the following services are provided to the Board by the Township at no cost:

- Accounting and administrative services
- Rental of buildings

All balances with the Township of Essa have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

**8. COMPARATIVE FIGURES**

Certain comparative figures were restated, where required, to conform with the current year presentation.

**CORPORATION OF THE TOWNSHIP OF ESSA**  
**ANGUS BUSINESS IMPROVEMENT AREA BOARD**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of the Angus Business Improvement Area Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Essa**

**Baker Tilly KDN LLP**  
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Canada K9J 2V4

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### *Opinion*

We have audited the financial statements of the Angus Business Improvement Area Board of the Corporation of the Township of Essa (the Board), which comprise the statement of financial position as at December 31, 2018, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matter*

The financial statements of the Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

## ASSURANCE • TAX • ADVISORY

*Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
October 16, 2019

# CORPORATION OF THE TOWNSHIP OF ESSA



## ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2018

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Due from Township	36,764	30,913
<b>NET FINANCIAL ASSETS</b>	36,764	30,913
<b>ACCUMULATED SURPLUS (note 2)</b>	36,764	30,913

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE TOWNSHIP OF ESSA



## ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Taxation	28,371	28,723	26,939
Investment income	-	535	399
<b>TOTAL REVENUES</b>	<b>28,371</b>	<b>29,258</b>	<b>27,338</b>
<b>EXPENSES</b>			
Decorations	29,800	5,129	16,836
Landscaping	13,100	14,479	11,182
Tax write offs	-	397	458
Professional fees	1,500	1,526	1,500
Memberships	7,571	1,876	1,980
<b>TOTAL EXPENSES</b>	<b>51,971</b>	<b>23,407</b>	<b>31,956</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(23,600)</u></b>	<b>5,851</b>	<b>(4,618)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>30,913</b>	<b>35,531</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>36,764</b>	<b>30,913</b>

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE TOWNSHIP OF ESSA



## ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(23,600)	5,851	(4,618)
<b>NET FINANCIAL ASSETS - beginning of year</b>	30,913	30,913	35,531
<b>NET FINANCIAL ASSETS - end of year</b>	7,313	36,764	30,913

*The accompanying notes are an integral part of these financial statements*



# CORPORATION OF THE TOWNSHIP OF ESSA



## ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2018

	2018	2017
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	5,851	(4,618)
Change in non-cash assets and liabilities		
Due from Township	(5,851)	4,618
<b>NET CHANGE IN CASH</b>	-	-
<b>CASH - beginning of year</b>	-	-
<b>CASH - end of year</b>	-	-

*The accompanying notes are an integral part of these financial statements*

**ANGUS BUSINESS IMPROVEMENT AREA BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

**(a) Recognition of Revenue and Expenses**

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the BIA special area tax rate annually, incorporating amounts to be raised for BIA services. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

Investment income is recognized as earned.

**(b) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

**(c) 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 Angus Business Improvement Area has no significant tangible capital assets.

**(d) Reserve Funds**

Certain amounts, as approved by the Board, are set aside in reserve funds for future operating and capital purposes. Transfers to and/or from reserve funds are an adjustment to the respective fund when approved.

**(e) Inter-Entity Transactions**

The Angus Business Improvement Area Board is a Board of the Township of Essa and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

**ANGUS BUSINESS IMPROVEMENT AREA BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**2. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
<b>Reserve Fund</b>		
Operations	36,764	30,913
	36,764	30,913

**3. BUDGET FIGURES**

The operating budget, approved by the Board, for 2018 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. 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 current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**4. CHANGES IN ACCOUNTING POLICIES**

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Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 5.

**ANGUS BUSINESS IMPROVEMENT AREA BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**5. INTER-ENTITY TRANSACTIONS**

During the year, the Board entered into transactions with the Township of Essa.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the Township provides accounting and administrative services to the Board at no cost.

All balances with the Township of Essa have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

**6. COMPARATIVE FIGURES**

Certain comparative figures were restated, where required, to conform with the current year presentation.