

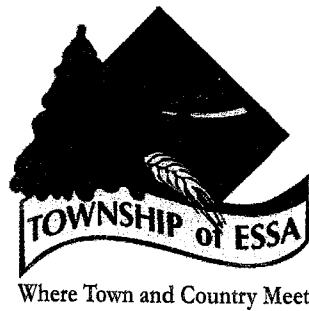
CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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CORPORATION OF THE TOWNSHIP OF ESSA

For The Year Ended December 31, 2017

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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor

Date _____

Treasurer

Date Nov 7, 2018

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Essa and its local boards, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Essa and its local boards as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2018

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	35,597,449	30,676,088
Taxes receivable	2,153,349	2,175,065
Accounts receivable	1,506,035	1,341,498
TOTAL FINANCIAL ASSETS	39,256,833	34,192,651
LIABILITIES		
Accounts payable and accrued liabilities	6,179,925	5,734,551
Accounts payable - developers	645,000	-
Deferred revenue - obligatory reserve fund (note 3)	20,742,200	18,330,035
Deferred revenue - other	182,684	209,247
Long term debt (note 4)	4,979,934	5,595,822
Employee future benefits payable (note 2)	774,420	703,848
TOTAL LIABILITIES	33,504,163	30,573,503
NET FINANCIAL ASSETS	5,752,670	3,619,148
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	119,892,772	116,496,471
Prepaid expenses	15,096	5,103
TOTAL NON-FINANCIAL ASSETS	119,907,868	116,501,574
ACCUMULATED SURPLUS (note 6)	125,660,538	120,120,722

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Property taxation	9,314,459	9,723,131	9,130,492
User charges	4,164,479	4,848,135	5,018,850
Government of Canada	21,509	36,992	227,972
Province of Ontario	1,793,092	1,352,861	1,166,756
Other municipalities	130,000	232,735	200,038
Penalties and interest on taxes	275,000	276,738	294,375
Investment income	55,350	147,448	181,408
Donations	2,500	19,869	4,967
Contributed capital assets	1,000	4,281,328	4,683,634
Development charges earned	2,641,498	1,484,905	1,653,921
Federal gas tax earned	411,750	398,070	143,274
Willoughby road and bridge charges earned	-	12,621	56,484
TOTAL REVENUES	18,810,637	22,814,833	22,762,171
EXPENSES			
General government	1,472,426	1,522,369	1,442,675
Protection services	4,471,518	4,458,361	4,542,175
Transportation services	4,116,331	4,626,259	4,288,570
Environmental services	3,471,558	3,614,304	3,399,662
Recreation and cultural services	2,422,826	2,654,260	2,558,803
Planning and development	442,550	399,464	599,736
TOTAL EXPENSES	16,397,209	17,275,017	16,831,621
ANNUAL SURPLUS	<u>2,413,428</u>	5,539,816	5,930,550
ACCUMULATED SURPLUS - beginning of year		120,120,722	114,190,172
ACCUMULATED SURPLUS - end of year		125,660,538	120,120,722

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL SURPLUS	2,413,428	5,539,816	5,930,550
Amortization of tangible capital assets	3,880,024	4,022,229	3,880,024
Purchase of tangible capital assets	(6,416,444)	(3,169,717)	(3,227,239)
Loss/(gain) on disposal of tangible capital assets	-	(16,455)	117,265
Proceeds on sale of tangible capital assets	-	48,970	14,783
Contributed capital assets	-	(4,281,328)	(4,683,634)
Change in prepaid expenses	-	(9,993)	7,377
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(122,992)	2,133,522	2,039,126
NET FINANCIAL ASSETS - beginning of year	3,619,148	3,619,148	1,580,022
NET FINANCIAL ASSETS - end of year	3,496,156	5,752,670	3,619,148

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, 2017

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	5,539,816	5,930,550
Items not involving cash		
Amortization of tangible capital assets	4,022,229	3,880,024
Loss/(gain) on disposal of tangible capital assets	(16,455)	117,265
Contributed capital assets	(4,281,328)	(4,683,634)
Change in employee future benefits payable	70,572	36,822
Change in non-cash assets and liabilities		
Taxes receivable	21,716	38,312
Accounts receivable	(164,537)	194,051
Accounts receivable - developers	-	418,852
Prepaid expenses	(9,993)	7,377
Accounts payable and accrued liabilities	445,374	1,850,816
Accounts payable - developers	645,000	(526,652)
Deferred revenue - obligatory reserve fund	2,412,165	4,852,177
Deferred revenue - other	(26,563)	(40,544)
Net change in cash from operating activities	8,657,996	12,075,416
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,169,717)	(3,227,239)
Proceeds on disposal of tangible capital assets	48,970	14,783
Net change in cash from capital activities	(3,120,747)	(3,212,456)
INVESTING ACTIVITIES		
Disposal of investments	-	10,132,712
FINANCING ACTIVITIES		
Debt principal repayments	(615,888)	(596,605)
NET CHANGE IN CASH	4,921,361	18,399,067
CASH - beginning of year	30,676,088	12,277,021
CASH - end of year	35,597,449	30,676,088

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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 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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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.

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 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.

(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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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 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 financial statements of 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:

	2017 \$	2016 \$
Extended health care benefits	598,064	522,728
Vacation pay entitlement	176,356	181,120
	774,420	703,848

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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:

	2017	2016
	\$	\$
Development charges	19,746,559	17,552,342
Parkland	390,397	342,756
Willoughby road and bridge	50	12,621
Federal gas tax	605,194	422,316
	20,742,200	18,330,035

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

	2017	2016
	\$	\$
Balance - beginning of year	18,330,035	13,477,858
Add amounts received:		
Development charges received	3,465,019	5,686,915
Federal gas tax received	572,571	562,611
Parkland fees	43,600	-
Interest	220,181	152,024
Proceeds on sale of equipment	6,390	-
Proceeds on sale of Parkland property	-	304,306
	4,307,761	6,705,856
Less transfer to operations:		
Development charges earned	1,484,905	1,653,921
Federal gas tax earned	398,070	143,274
Willoughby road and bridge charges earned	12,621	56,484
	1,895,596	1,853,679
Balance - end of year	20,742,200	18,330,035

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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:

	2017 \$	2016 \$
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.	647,660	959,064
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.	3,421,881	3,598,852
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.	910,393	1,037,906
	4,979,934	5,595,822

- (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 \$218,091 (2016 - \$237,375).

- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2018	635,856	198,124	833,980
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 to 2027	1,517,354	446,032	1,963,386
2028 and subsequent years	1,105,949	108,225	1,214,174
	4,979,934	1,364,011	6,343,945

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

5. TANGIBLE CAPITAL ASSETS

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

	2017 \$	2016 \$
General		
Land	19,129,033	18,889,612
Land improvements	2,953,144	2,913,581
Buildings	15,339,992	15,924,187
Equipment	11,571,247	11,930,308
Vehicles	3,207,951	3,219,849
Infrastructure		
Roads and bridges	31,293,244	29,066,783
Water and sanitary sewer systems	25,143,485	24,690,195
Storm sewers	9,344,571	9,082,071
	117,982,667	115,716,586
Assets under construction	1,910,105	779,885
	119,892,772	116,496,471

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

During the year there were no write-downs of assets (2016 - \$Nil) and no interest capitalized (2016 - \$Nil).

Land is further broken down between general capital assets \$5,967,219 (2016 - \$5,919,621) and infrastructure (linear) assets \$13,161,814 (2016 - \$12,969,991).

Land improvements is further broken down between general capital assets \$1,729,645 (2016 - \$1,658,099) and infrastructure (linear) assets \$1,223,499 (2016 - \$1,255,482).

	2017 \$	2016 \$
General government	1,344,265	1,319,961
Protection services	2,576,704	2,671,382
Transportation services	46,356,015	43,743,700
Environmental services	55,514,325	54,829,065
Recreation and cultural services	14,101,463	13,932,363
	119,892,772	116,496,471

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

6. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Surplus/(Deficit)		
Township	2,173,413	1,194,728
Waterworks	635,570	204,636
Unfunded employee future benefits	(774,420)	(703,848)
Erosion control works - see (b) below	(452,576)	(414,846)
	1,581,987	280,670
Invested In Capital Assets		
Tangible capital assets - net book value	119,892,772	116,496,471
Long term debt	(4,979,934)	(5,595,822)
	114,912,838	110,900,649
Surplus	116,494,825	111,181,319
Reserves		
Working funds	1,673,321	1,648,321
Contingencies	37,372	37,372
Acquisition of capital assets	1,321,170	1,404,854
Operations	109,903	109,903
Water and sewer - see (b) below	4,762,316	4,518,847
Future enforcement of Building Code Act - see (c) below	1,076,113	1,031,688
Total Reserves	8,980,195	8,750,985
Reserve Funds		
Water and sewer services	154,605	152,887
Angus Business Improvement Area	30,913	35,531
Total Reserve Funds	185,518	188,418
	125,660,538	120,120,722

(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 of \$452,576 (2016 - \$414,846) from erosion controls works will be funded from another repayable transfer from the reserve for water and sewer infrastructure and be repaid from taxation. In relation to the reserve loan of \$2,073,400, the Township contributed \$138,227 in loan principal and \$24,190 in interest to the water and sewer reserve in 2017.

(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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

7. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2017, 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	6,073,485	7,405,751
Taxation from other governments	189,190	1,028,640
	6,262,675	8,434,391
Amounts requisitioned and remitted	6,262,675	8,434,391

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 2017 Annual Report disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$259,500 (2016 - \$247,490).

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

9. EXPENSES BY OBJECT

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

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
Salaries and benefits	4,407,315	4,476,373	4,392,768
Interest charges	221,208	218,091	237,375
Materials	3,330,482	3,939,939	3,482,737
Contracted services	4,372,314	4,445,186	4,521,700
Rents and financial	19,810	24,835	31,346
External transfers	166,056	164,819	168,406
Amortization	3,880,024	4,022,229	3,880,024
Loss (gain) on disposal of tangible capital assets	-	(16,455)	117,265
	16,397,209	17,275,017	16,831,621

10. BUDGET FIGURES

The budget, approved by the Township, for 2017 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.

11. 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 .75% per annum. Council authorized the temporary borrowing limit by By-law 2016-02. At December 31, 2017 there was no balance outstanding (2016 - \$Nil).

12. 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.

13. 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.

CORPORATION OF THE TOWNSHIP OF ESSA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

13. SEGMENTED INFORMATION, continued

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.

Other Environmental Services

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.

14. 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 2017 Township OPP costs were \$2,793,075 (2016- \$2,800,520). The remaining costs under this contract are expected to decrease until June 30, 2020.

CORPORATION OF THE TOWNSHIP OF ESSA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2017

	General				Infrastructure				Totals
	Land	Land improvements	Buildings	Equipment	Vehicles	Roads and bridges	Water and sanitary sewer systems	Storm sewers	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	18,889,612	4,022,505	26,958,124	21,910,427	6,077,668	61,989,033	30,477,231	11,804,980	779,885
Add: additions during the year	239,421	176,620	82,048	396,660	308,412	3,785,222	845,816	486,626	1,130,220
Less: disposals during the year	-	-	-	146,873	239,468	697,556	-	-	-
Balance, end 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	1,910,105
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	1,108,924	11,033,937	9,980,119	2,857,819	32,922,250	5,787,036	2,722,909	-
Add: additions during the year	-	137,057	666,243	749,609	320,310	1,532,358	392,526	224,126	-
Less: disposals during the year	-	-	-	140,761	239,468	671,153	-	-	-
Balance, end of year	-	1,245,981	11,700,180	10,588,967	2,938,661	33,783,455	6,179,562	2,947,035	-
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	19,129,033	2,953,144	15,339,992	11,571,247	3,207,951	31,293,244	25,143,485	9,344,571	1,910,105
									119,892,772

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 \$	Other Environmental \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
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	-	-	-	-	117,923	1,775	1,153,260
Government transfers - capital	-	-	236,593	-	-	-	-	236,593
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
Total revenues	1,967,055	4,848,145	7,604,157	5,220,882	-	2,487,962	686,632	22,814,833
Expenses								
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	346,115	340,723	1,528,645	882,173	-	776,378	65,905	3,939,939
Contracted services	124,723	2,851,898	242,208	972,079	-	170,854	83,424	4,445,186
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	1,116,242	243,195	526,128	-	4,022,229
Loss (gain) on disposal of tangible capital assets	(22,567)	-	-	-	-	6,112	-	(16,455)
Total expenses	1,522,369	4,458,361	4,626,259	3,371,109	243,195	2,654,260	399,464	17,275,017
Net surplus/(deficit)	444,686	389,784	2,977,898	1,849,773	(243,195)	(166,298)	287,168	5,539,816

CORPORATION OF THE TOWNSHIP OF ESSA
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2016

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sanitary Sewer Services \$	Other Environmental \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	481,486	4,159,816	2,666,476	-	-	1,253,688	569,026	9,130,492
User charges	87,474	1,015,479	108,459	3,013,794	-	709,356	84,288	5,018,850
Government transfers - operating	1,025,700	2,143	-	-	-	70,671	2,500	1,101,014
Government transfers - capital	-	-	293,714	-	-	-	-	293,714
Other municipalities	-	178,806	-	-	-	21,232	-	200,038
Penalties and interest on taxes	294,375	-	-	-	-	-	-	294,375
Investment income	102,678	-	-	78,730	-	-	-	181,408
Donations	-	2,263	-	-	-	2,704	-	4,967
Contributed capital assets	-	-	2,839,288	1,629,346	-	215,000	-	4,683,634
Development charges earned	-	17,159	1,043,635	465,562	-	127,565	-	1,653,921
Federal gas tax earned	-	-	143,274	-	-	-	-	143,274
Willoughby road and bridge charges earned	-	-	56,484	-	-	-	-	56,484
Total revenues	1,991,713	5,375,666	7,151,330	5,187,432	-	2,400,216	655,814	22,762,171
Expenses								
Salaries and benefits	911,919	979,918	991,036	176,375	-	1,067,053	266,467	4,392,768
Interest charges	-	-	-	237,375	-	-	-	237,375
Materials	345,971	341,948	1,360,549	705,405	-	664,880	63,984	3,482,737
Contracted services	117,429	2,877,022	175,430	911,702	-	170,832	269,285	4,521,700
Rents and financial	18,951	-	11,590	545	-	260	-	31,346
External transfers	22,051	146,355	-	-	-	-	-	168,406
Amortization	26,354	196,932	1,751,010	1,132,610	235,650	537,468	-	3,880,024
Loss (gain) on disposal of tangible capital assets	-	-	(1,045)	-	-	118,310	-	117,265
Total expenses	1,442,675	4,542,175	4,288,570	3,164,012	235,650	2,558,803	599,736	16,831,621
Net surplus/(deficit)	549,038	833,491	2,862,760	2,023,420	(235,650)	(158,587)	56,078	5,930,550

CORPORATION OF THE TOWNSHIP OF ESSA
ESSA PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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**

Report on the Financial Statements

We have audited the accompanying financial statements of the Essa Public Library Board of the Corporation of the Township of Essa, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets (liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

The Board derives revenue from other revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to other revenues, assets and accumulated surplus.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Essa Public Library Board as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawartha LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2018

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	524	3,709
Accounts receivable	-	28,295
Due from Township	12,156	-
TOTAL FINANCIAL ASSETS	12,680	32,004
LIABILITIES		
Accounts payable	2,500	3,500
Due to Township	-	15,177
Deferred revenue (note 5)	18,221	15,000
TOTAL LIABILITIES	20,721	33,677
NET FINANCIAL LIABILITIES	(8,041)	(1,673)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	589,241	580,479
Prepaid expenses	11,694	1,673
TOTAL NON-FINANCIAL ASSETS	600,935	582,152
ACCUMULATED SURPLUS (note 3)	592,894	580,479

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Contribution from Township	612,249	619,871	616,932
Province of Ontario	29,235	26,147	29,145
Government of Canada	14,509	17,329	7,991
Other	44,625	60,591	48,238
TOTAL REVENUES	700,618	723,938	702,306
EXPENSES			
Salaries and benefits	481,671	487,554	470,896
Utilities	22,350	27,168	24,464
Subscriptions and periodicals	1,740	610	2,558
Insurance and audit	5,900	7,173	8,853
Computer support and supplies	16,204	17,567	13,503
Facility costs	45,050	45,049	21,650
Office	4,750	6,178	4,790
Fundraising costs	1,000	1,724	1,148
Amortization	99,888	92,144	99,888
Other operating costs	19,225	17,928	18,741
Loss on disposal of tangible capital assets	-	6,112	-
Contract services	2,840	2,316	25,126
TOTAL EXPENSES	700,618	711,523	691,617
ANNUAL SURPLUS	-	12,415	10,689
ACCUMULATED SURPLUS - beginning of year		580,479	569,790
ACCUMULATED SURPLUS - end of year		592,894	580,479

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL SURPLUS	-	12,415	10,689
Amortization of tangible capital assets	99,888	92,144	99,888
Acquisition of tangible capital assets	(96,500)	(107,018)	(110,577)
Loss on disposal of tangible capital assets	-	6,112	-
Change in prepaid expenses	-	(10,021)	7,931
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS (LIABILITIES)	3,388	(6,368)	7,931
NET FINANCIAL LIABILITIES - beginning of year	(1,673)	(1,673)	(9,604)
NET FINANCIAL ASSETS (LIABILITIES) - end of year	1,715	(8,041)	(1,673)

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, 2017

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	12,415	10,689
Items not involving cash		
Amortization of tangible capital assets	92,144	99,888
Loss on disposal of tangible capital assets	6,112	-
Change in non-cash assets and liabilities		
Accounts receivable	28,295	(27,344)
Due from Township	(12,156)	-
Prepaid expenses	(10,021)	7,931
Accounts payable	(1,000)	1,947
Due to Township	(15,177)	13,245
Deferred revenue	3,221	4,325
Net change in cash from operating activities	103,833	110,681
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(107,018)	(110,577)
NET CHANGE IN CASH	(3,185)	104
CASH - beginning of year	3,709	3,605
CASH - end of year	524	3,709

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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.

Other revenue includes user fees which are recognized as revenue in the year the goods and services are provided, and donations which are recognized as 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.

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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.

2. TANGIBLE CAPITAL ASSETS

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

	Furniture and equipment \$	Books \$	2017 Totals \$	2016 Totals \$
COST				
Balance, beginning of year	334,033	661,392	995,425	996,154
Add: additions during the year	18,350	88,668	107,018	110,577
Less: disposals during the year	12,560	74,112	86,672	111,306
Balance, end of year	339,823	675,948	1,015,771	995,425
ACCUMULATED AMORTIZATION				
Balance, beginning of year	125,276	289,670	414,946	426,364
Add: additions during the year	23,588	68,556	92,144	99,888
Less: disposals during the year	6,448	74,112	80,560	111,306
Balance, end of year	142,416	284,114	426,530	414,946
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	197,407	391,834	589,241	580,479

CORPORATION OF THE TOWNSHIP OF ESSA

ESSA PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017 \$	2016 \$
Invested In Capital Assets		
Tangible capital assets - net book value	589,241	580,479
Surplus	589,241	580,479
Reserve		
Angus branch	3,653	-
	592,894	580,479

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2017 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:

	2017 \$	2016 \$
Friends of the Environment grant	11,000	-
SPI grant	3,587	-
Digital services grant	3,634	-
RBC Foundation grant	-	15,000
	18,221	15,000

CORPORATION OF THE TOWNSHIP OF ESSA
ANGUS BUSINESS IMPROVEMENT AREA BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2017



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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**

Report on the Financial Statements

We have audited the accompanying financial statements of the Angus Business Improvement Area Board of the Corporation of the Township of Essa, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Angus Business Improvement Area Board as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2018

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Due from Township	30,913	35,531
NET FINANCIAL ASSETS	30,913	35,531
ACCUMULATED SURPLUS (note 2)	30,913	35,531

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Taxation	26,350	26,939	22,922
Investment income	-	399	462
TOTAL REVENUES	26,350	27,338	23,384
EXPENSES			
Decorations	25,940	16,836	21,113
Landscaping	10,700	11,182	2,860
Tax write offs	-	458	1,026
Professional fees	-	1,500	1,500
Memberships	1,410	1,980	2,715
TOTAL EXPENSES	38,050	31,956	29,214
ANNUAL DEFICIT	<u>(11,700)</u>	(4,618)	(5,830)
ACCUMULATED SURPLUS - beginning of year		35,531	41,361
ACCUMULATED SURPLUS - end of year		30,913	35,531

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL DEFICIT	(11,700)	(4,618)	(5,830)
NET FINANCIAL ASSETS - beginning of year	35,531	35,531	41,361
NET FINANCIAL ASSETS - end of year	23,831	30,913	35,531

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, 2017

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(4,618)	(5,830)
Change in non-cash assets and liabilities		
Due from Township	4,618	5,830
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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 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.

CORPORATION OF THE TOWNSHIP OF ESSA

ANGUS BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Reserve Fund		
Operations	30,913	35,531
	30,913	35,531

3. BUDGET FIGURES

The operating budget, approved by the Board, for 2017 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.